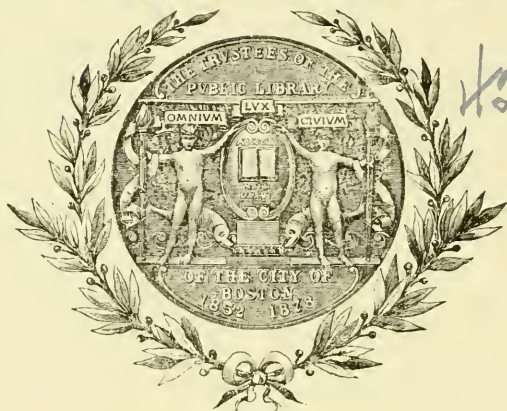




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INVESTIGATION OF IMPROPER ACTIVITIES IN THE  
LABOR OR MANAGEMENT FIELD

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HEARINGS  
BEFORE THE  
SELECT COMMITTEE  
ON IMPROPER ACTIVITIES IN THE  
LABOR OR MANAGEMENT FIELD  
EIGHTY-SIXTH CONGRESS  
FIRST SESSION

PURSUANT TO SENATE RESOLUTIONS 74 AND 221, 85TH  
CONGRESS, AND SENATE RESOLUTION 44, 86TH CONGRESS

---

JANUARY 27, 28, 29, AND FEBRUARY 3, 1959

---

PART 43

---

Printed for the use of the Select Committee on Improper Activities in the  
Labor or Management Field





# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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TUESDAY, JANUARY 27, 1959

U.S. SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES,  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D.C.*

The select committee met at 10 a.m., pursuant to call, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Frank Church, Democrat, Idaho; Senator Karl E. Mundt, Republican, South Dakota; Senator Carl T. Curtis, Republican, Nebraska. Also present: Robert F. Kennedy, chief counsel; Pierre E. G. Salinger, investigator; Joseph F. Maher, investigator; Martin S. Uhlmann, investigator; John P. Findlay, investigator; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at the convening of the session: Senators McClellan and Curtis.)

The CHAIRMAN. The Chair may make a very brief statement that the purpose of the hearings scheduled for today is to hear some witnesses whom the committee desired to hear in a previous investigation and during a previous series of public hearings.

They were not available at the time. In some instances they were ill, unable to attend in response to the committee's request or to a subpoena. We are trying to pick up these loose ends in the next 2 or 3 days and complete the record in the matter of hearings that we have previously conducted, insofar as these witnesses' testimony may supplement and complete it.

Mr. Kennedy, you may call your first witness.

Mr. KENNEDY. Mr. Barney Baker, Mr. Chairman. Mr. Baker's attorney is here.

The CHAIRMAN. Let counsel come forward. Mr. Counsel, have a seat. Counsel, identify yourself for the record, please.

## STATEMENT OF HARRY CLIFFORD ALLDER

Mr. ALLDER. My name is Harry Clifford Alder, a member of the Bar of Washington, D.C.

I received a communication, Mr. Chairman, from Mr. George Fitzgerald, who represents Mr. Baker, to the effect that Mr. Baker is in a hospital in Chicago, Ill., the Augustana Hospital, 411 West Dickens,

Chicago, Ill., telephone number Diversey 8-1000. His doctor is Dr. Joe Brown, 100 West North Avenue, Chicago, Ill.

He stated further that the doctor had said that he was unable at this time to respond to this committee.

The CHAIRMAN. Do you have a certificate or anything, a document to file with the committee?

Mr. ALLDER. I do not, sir. This is a telephone communication to me of late yesterday.

The CHAIRMAN. Mr. Fitzgerald requested that you appear before the committee and give that information; is that correct?

Mr. ALLDER. Yes, sir; he did.

The CHAIRMAN. Mr. Counsel, what have you with respect to this witness?

Mr. KENNEDY. Mr. Chairman, as you remember, Mr. Baker was to be called a morning last year, and went to the hospital the morning that he was to appear. So we were unable to call him at that time.

The CHAIRMAN. Mr. Baker did have a heart attack at that time, did he not?

Mr. KENNEDY. He went to the hospital, Mr. Chairman.

The CHAIRMAN. Did you get any medical record or certificate at that time with respect to his ailment?

Mr. KENNEDY. We have had, Mr. Chairman, several conflicting reports on the extent of his illness while he was in the hospital here in Washington, D.C. I can say no further on that matter at this time.

We subpoenaed him again to appear before the committee today, and within several days of his receiving that subpoena of the notice to appear here, he went back into the hospital in Chicago. We were going to make attempts to have him examined by a Government doctor, but that cannot be done in the hospital, so he is remaining in the hospital and we are unable to make any further examination of him to determine whether he would be in shape to come and testify.

The CHAIRMAN. Well, there is no doctor's certificate before the committee. What are the prospects of getting a certificate from his attending physician with respect to his condition?

Mr. ALLDER. I am sure one can be gotten pretty quickly, Mr. Chairman. I will see to it that it is furnished the committee.

The CHAIRMAN. All right. Have a certificate for us here tomorrow morning. You can do it by telephone, I am sure.

Mr. ALLDER. Yes, sir.

The CHAIRMAN. Have it here tomorrow morning at 10:30 when the committee reconvenes.

In the meantime, Mr. Counsel, any information that you can get with respect to his condition, let us have it. The committee certainly wouldn't want to impose upon any witness who is ill, and whose physical condition is such that he shouldn't be required to appear in a public hearing. We don't want to do any injustice or impose on one who, by all rights, should not be required to testify.

At the same time, the committee must guard against imposition against it, as well. Counsel, of course, I can understand your position, when you are called and asked to give this information. But certainly counsel for the witness knows that the proper procedure is to provide this committee with a certificate from a doctor, the physician, stating the witness' condition.

Counsel, may I inquire how long the witness has been notified that his presence was desired here today?

Mr. KENNEDY. He was notified approximately 2 weeks ago, Mr. Chairman, and as I understand it, at least from the report we received, he entered the hospital about 10 days ago in Chicago, Ill.

The CHAIRMAN. We will await the certificate of the physician tomorrow morning and we will weigh the matter further at that time.

Mr. KENNEDY. Do you know who his attending physician is?

Mr. ALLDER. Dr. Joe Brown, 100 West North Avenue, Chicago.

The CHAIRMAN. Thank you very much.

I understood chief counsel to say we couldn't have anyone on behalf of the committee examine him while he is in the hospital. What is the reason for that? I do not understand that.

Mr. KENNEDY. We do it through the Public Health Service, Mr. Chairman, and the Public Health Service will not examine in the hospital.

The CHAIRMAN. If it becomes necessary, we can arrange for some other physician?

Mr. KENNEDY. Yes.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. I would like to have the attorney for Mr. Dick Ravner and Mr. Pete Saffo give his report to the committee. Mr. Chairman, we also called Mr. Richard Kavner, who is an official of the Teamsters Union under Mr. Harold Gibbons, and Mr. Pete Saffo, who is also an official of the Teamsters Union under Mr. Harold Gibbons.

Both of these individuals who were expected to testify last year pleaded illness. We called them again for today and we have received some information that they are unable to appear.

The CHAIRMAN. Counsel, you may be seated. Identify yourself for the record.

#### STATEMENT OF MORRIS A. SHENKER

Mr. SHENKER. My name is Morris A. Shenker. I am a lawyer, licensed to practice law in the State of Missouri and in Federal courts.

With respect to the situation of Mr. Richard Kavner, on December 2, and thereafter, this committee was advised that medical histories were forwarded to this committee, and a request was made that if the committee desires, an examination of Mr. Kavner be had by a physician designated by this committee.

On last Saturday, I believe it was the 23d of January, such an examination was made. We have conferred with the doctors, with our doctors. The Public Health physicians could not give us the information, as they are precluded from furnishing the information to us, but they will only furnish that to the committee.

But it is established from the doctors that treated Mr. Kavner that he is suffering from severe attacks of paroxysmal tachycardia, and he is under the care of Dr. Charles Silverberg, of the city of St. Louis, and Dr. David Feldman, of the city of St. Louis, both of whom concur in the opinion that Mr. Kavner is subject, in view of the repeated history of a sudden—well, whenever he is under emotional strain, he is subject to attacks which consist of a sudden loss of consciousness



followed by severe sweating and pain of his extremities, and also showing the swelling of some parts of his body, and that it increases the heart; he has a rapid heart action, with the rate of about 220 per minute; that they reached a conclusion that it would be extremely dangerous for him, with very serious consequences, in the event he was to submit to questioning.

That is the reason, Mr. Chairman, that Mr. Kavner is not available to testify.

The CHAIRMAN. Is he in a hospital?

Mr. SHENKER. No, sir.

The CHAIRMAN. Has he been in a hospital?

Mr. SHENKER. Yes, sir. The last time, according to my record, that he was in a hospital was in November of 1958.

The CHAIRMAN. For what period of time?

Mr. SHENKER. I will only approximate it. I don't have the exact dates. But I believe it was for about 2 weeks.

The CHAIRMAN. I think that was along about the time the committee was trying to have him testify.

Mr. SHENKER. I am not familiar with that, excepting that this is not the only time that Mr. Kavner was in a hospital. He has been sick since 1957. He has been suffering with this affliction, and subjected to these attacks ever since 1957.

The CHAIRMAN. Does he do any work?

Mr. SHENKER. Yes, sir; of a limited nature.

The CHAIRMAN. What kind of work does he do?

Mr. SHENKER. Well, generally as assistant to Mr. Gibbons.

The CHAIRMAN. He works for Mr. Gibbons as assistant to him without impairing his health?

Mr. SHENKER. I say the doctors, in fact, recommend that some work be done, but they seem to be of the opinion, and so are most people, that work for Mr. Gibbons is considerably different than testifying before this committee is.

The CHAIRMAN. Mr. Chief Counsel, do you have information regarding this witness?

Mr. KENNEDY. I will correct my statement that I made earlier about the fact we wanted him in November. We had wanted him in September of last year. But we did have a Public Health Service doctor examine Mr. Kavner, Mr. Chairman, and he stated that it might endanger him to testify before the committee.

The CHAIRMAN. I don't care what any doctor says. If a man is able to work and carry on his business, I have serious doubt that he is in such a condition that he couldn't come and testify before a committee. I just cannot understand that a man could carry on his normal work, engage in an occupation of that character, and then when testimony is needed from him he is too ill to testify.

Mr. KENNEDY. He had his picture, I believe, in the November or December edition of the Teamster magazine, as somebody who had performed services here in Washington and attended meetings. I know he has been in Puerto Rico on Teamster business. So he has been extremely active in Teamster business from what we can tell.

Senator CURTIS. Does the Teamsters Union carry hospital, medical, and surgical insurance on this man?

Mr. SHENKER. I am sure they are covered under the LHI, which covers them the same as any other employee. But on the other hand, for any examinations outside, or any hospitalization outside of the confines of their policy, of course, they have to pay for those themselves.

For instance, I know that the doctor that attended the examination, in conjunction with the Public Health doctor, that he was charging them directly, because that is not a part of the Teamsters Union affairs. That is, it isn't covered by the Labor Health Institute.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. The committee will take this particular case under further consideration. Do you have the documents?

Mr. SHENKER. These are copies of what we forwarded to the Chief Counsel for the committee.

The CHAIRMAN. Do you have them?

Mr. KENNEDY. I believe we do.

Mr. SHENKER. I will be glad to file them, if you need them, but they are only copies.

The CHAIRMAN. These documents may be filed for the record as exhibits and designated accordingly as exhibits for the committee's consideration in connection with this case.

Do we have a written report also from the Government doctor?

Mr. KENNEDY. It is on its way, Mr. Chairman.

The CHAIRMAN. When it is received, it will also be made an exhibit for the record.

Senator CURTIS. Has the Public Health doctor or anyone else ascertained whether or not Mr. Kavner could give testimony in a nonpublic hearing? In other words, in an executive session?

(At this point Senator Mundt entered the hearing room.)

The CHAIRMAN. I don't know whether they make any distinction or not between a public hearing and an executive session. Do they?

Mr. KENNEDY. I don't believe they do, Mr. Chairman.

The CHAIRMAN. I don't think any distinction is made.

Is there anything further?

Mr. KENNEDY. Mr. Pete Saffo.

Mr. SHENKER. With reference to Mr. Saffo, the situation as to him is the following: That Mr. Saffo was hospitalized insofar as major operations are concerned the first time, as I can note from this record, in October of 1947, and that he was hospitalized again in 1953, and then in March of 1958 he was admitted to the hospital in St. Louis for treatment of a coronary thrombosis. During his stay at that hospital he was treated by Dr. Birenbaum and Dr. Arthur Strauss.

He was discharged from the hospital on April 9, which means he remained there approximately 5 weeks. Then he was again readmitted to the Jewish Hospital in St. Louis on June 18, 1958, for chest pains. He was again treated by the same doctor in consultation with Dr. Strauss, and the opinion and conclusion that was reached was that he suffered further heart damage.

He was discharged from the hospital on July 5th, and has been under the care of the doctors since that time. During the entire period and since that time, he has been advised to be very cautious about his activities. He has been only participating in a very limited extent in his activities. In other words, he only works about, I would

say, not over 2 to 3 hours a day, and in doing so the advice of the doctors has been to avoid all possible excitement and any tensions.

The doctors in the examinations of him, they are keeping him under constant supervision, they are of the opinion that any unusual strain or stress or excitement might be fatal to Mr. Saffo.

The diagnosis of Mr. Saffo which was made by Dr. Strauss originally, in consultation with Dr. Birenbaum, was that he had an acute coronary thrombosis, with a myocardial infarction, and the same conclusion, substantially, was reached after that.

The CHAIRMAN. What is the date of that certificate?

Mr. SHENKER. This is written on January 9, 1959, and the original was forwarded to the committee. In fact, letters by the doctors are addressed to the committee.

Pursuant to our request made of the chief counsel of the committee, an examination was made by the Public Health doctors in conjunction with one of the doctors that is attending Mr. Saffo, on the 23d of this month, and the findings, I understand, were forwarded to the chief counsel of your committee.

The conclusion that is reached—I might read just that paragraph. This is written by Dr. Aaron Birenbaum:

It is my professional opinion that any type of tension could precipitate another coronary thrombosis. I have, therefore, advised Mr. Saffo that because of the tension involved and his previous cardiac damage, his appearance before your committee would place his life in jeopardy.

That is the letter that Dr. Aaron Birenbaum, a heart specialist, wrote to your committee.

The CHAIRMAN. These documents may be made an exhibit for consideration by the committee. I will state that these two cases will be considered further. It may well be that the witnesses should not be required to appear before the committee.

Mr. SHENKER. May I also respectfully request that the examinations made by the Public Health doctor, when you receive those written reports, that they also be made part of the exhibits in the Saffo case?

The CHAIRMAN. The Chair intended to include all of the documents referred to.

Mr. SHENKER. Very well.

The CHAIRMAN. They will be made exhibits Nos. 211A, 211B, 211C, 211D, 211E, 211F, and 211G and that will be true with respect to the documents submitted regarding Richard Kavner.

(At this point Senator Ervin entered the hearing room.)

(The documents referred to were marked "Exhibits Nos. 211A, 211B, 211C, 211D, 211E, 211F, and 211G, for reference and may be found in the files of the Select Committee.)

The CHAIRMAN. The fact that some one has had a heart attack at some time does not mean that someone should be excused from testifying. We have a President of the United States who has suffered a time or two and also a leader in the U.S. Senate. They certainly carried on their duties and certainly these people should be required to give testimony if that is the only reason to be considered.

Frankly, I think a lot of these folks just don't want to testify. That is the truth about it.

Now, they may be able to come within some legal rule that will permit them to escape, but I am not going to treat these matters



lightly. I am going into them sufficiently to satisfy myself, and satisfy this committee at least, that there is some real justification for them being excused.

Is there anything further?

If not, you may stand aside. Call the next witness.

Mr. KENNEDY. Mr. Rolland McMaster, Mr. Chairman.

The CHAIRMAN. Come forward, Mr. McMaster. Be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McMASTER. I do.

### TESTIMONY OF ROLLAND McMASTER, ACCOMPANIED BY COUNSEL, HARRY CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. McMASTER. My name is Rolland McMaster.

I would like to ask, Mr. Chairman, if I could get my attorney, who is supposed to be here, but he stepped outside.

The CHAIRMAN. Yes; you may. We will suspend for just a moment.

Mr. McMASTER. Thank you.

Mr. Chairman, I would like to apologize for the situation I am in, but I do have an attorney and he was here with me some time ago. Right now I can't find him.

The CHAIRMAN. Let us have order.

Mr. McMASTER. I would like the pleasure of postponing this until I find him.

The CHAIRMAN. The question was to state your name, your place of residence, and your business or occupation.

When we hear your answer to the question, the Chair will——

Mr. KENNEDY. Here he is.

(Counsel Alder entered the hearing room and accompanied Mr. McMaster.)

The CHAIRMAN. Is this your counsel?

Mr. McMASTER. Yes.

The CHAIRMAN. The question, Mr. McMaster, is: State your name, your place of residence, and your business or occupation.

Mr. McMASTER. My name is Rolland McMaster. I live at 52030 Pontiac Trail.

The CHAIRMAN. What is your business or occupation?

Mr. McMASTER. Mr. Chairman, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You honestly believe that if you stated what your business or occupation is, that a truthful answer to that question might tend to incriminate you? Is that what I understand you to say?

Mr. McMASTER. I respectfully decline, your Honor, Mr. Chairman, to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Just a moment. The Chair was trying to clarify or clear up what you said before.

Read the question back to the witness, the last question, please.

(The question of the chairman was read by the reporter.)

(The witness conferred with his counsel.)

Mr. McMASTER. Yes.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. McMaster, as I understand it, according to our records, you are a business agent for local 299 of the International Brotherhood of Teamsters.

Mr. McMASTER. Mr. Kennedy, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And according to our information you have been connected with that local since approximately 1940; is that right?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You have been with local 299 since 1940, with the exception of 3 years that you were in the Armed Forces; is that right, Mr. McMaster?

Mr. McMASTER. Mr. Kennedy, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. In addition to receiving the income and expenses that you received from local 299 of the Teamsters, you also have interest in various trucking companies in and around the Detroit area?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell the committee how you obtained the interest in those trucking companies?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, could we call several witnesses regarding Mr. McMaster's activities in this area, and then recall Mr. McMaster at a later time, later on this morning, to ask more detailed questions about these matters?

The CHAIRMAN. Mr. McMaster, I think the committee has substantial information that it can develop in the course of testimony before it. Do you want us to develop that testimony and give you a chance to know exactly what the committee has with respect to your activities before you answer questions?

(The witness conferred with his counsel.)

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Mr. Counsel, proceed to put on the other witnesses.

Mr. McMaster, you may remain present. You may take the seat behind you. You will remain present and hear this testimony because you will be interrogated about it as to whether it is correct, after it is put on the record.

Call the next witness.

Mr. KENNEDY. Mr. Chairman, we think that this matter is of extreme importance, because there has been discussion over the past year and a half as to the good contracts that some of the Teamster Union officials are able to obtain for their members.

But as we are aware, and as the testimony has been developed here, it is not just a question of good written contract; it is a question of the enforcement of the contract if Teamster Union officials have interests in trucking companies that operate not only in the Michigan area but all over the country. This particular witness, it will be shown,



has interests in trucking companies that operate in the Michigan area. As the hearings go on, and as we developed in the past, there are Teamster officials who have interests in trucking companies that go through most of the midsection of the country. It is a question of whether these union officials can truly enforce the contract where they, themselves, have a personal financial interest, and where they do business with companies that have contracts with the Teamsters.

The CHAIRMAN. Call the first witness.

Mr. KENNEDY. Mr. William J. Rumminger.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. RUMMINGER. I do.

### TESTIMONY OF WILLIAM J. RUMMINGER

The CHAIRMAN. State your name, your residence, and your business or occupation, please, sir.

Mr. RUMMINGER. William Rumminger, 1990 Humphrey, Birmingham, Mich. I am a salesman for Douglas Trucking Lines.

The CHAIRMAN. Is that located in Detroit, Mich.?

Mr. RUMMINGER. Detroit, yes.

The CHAIRMAN. Do you waive counsel, Mr. Rumminger?

Mr. RUMMINGER. I beg your pardon?

The CHAIRMAN. You waive counsel, do you?

Mr. RUMMINGER. Yes.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Rumminger, you had an interest in the Aero Cartage Co.?

Mr. RUMMINGER. Yes, sir.

Mr. KENNEDY. And you obtained that interest in approximately 1953; is that right?

Mr. RUMMINGER. That is right.

Mr. KENNEDY. What business did the Aero Cartage Co. do?

Mr. RUMMINGER. It was nothing but a sales company in the Detroit area, hauling for Douglas Trucking.

The CHAIRMAN. Doing what?

Mr. RUMMINGER. Hauling steel for Douglas Trucking.

Mr. KENNEDY. The Aero Cartage Co. did not actually haul the steel itself, did it?

Mr. RUMMINGER. That is right, they did not.

Mr. KENNEDY. They went out and tried to get business, is that right, for the Douglas Trucking Co.?

Mr. RUMMINGER. That is right.

Mr. KENNEDY. And you owned the Aero Cartage Co.?

Mr. RUMMINGER. Yes, sir.

Mr. KENNEDY. And you received a certain commission on the business that you were able to get for the Douglas Trucking Co.?

Mr. RUMMINGER. That is right.

Mr. KENNEDY. Was it a successful company during 1953 and 1954?

Mr. RUMMINGER. Business was bad, yes.

Mr. KENNEDY. It was very bad?

Mr. RUMMINGER. Yes.

Mr. KENNEDY. Was one of the accounts that you had the McLouth Steel Corp.?

Mr. RUMMINGER. Yes.

Mr. KENNEDY. Where are they located?

Mr. RUMMINGER. In Detroit.

Mr. KENNEDY. Had you received much business from them?

Mr. RUMMINGER. I had received business, yes.

Mr. KENNEDY. A very small amount of business, is that correct, a very minor amount of business?

Mr. RUMMINGER. The company was new and it takes a while.

Mr. KENNEDY. You had only received a very minor amount of business up to 1955?

Mr. RUMMINGER. Yes.

Mr. KENNEDY. In 1955 were you approached by Mr. Rolland McMaster in connection with your business?

Mr. RUMMINGER. Business in general, yes.

Mr. KENNEDY. Rolland McMaster at that time you knew to be a business agent of the Teamsters Union?

Mr. RUMMINGER. That is right.

Mr. KENNEDY. Was he a business agent that handled the employees for the McLouth Trucking Co.?

Mr. RUMMINGER. That I do not know.

Mr. KENNEDY. Was he the business agent for the employees of the Douglas Trucking Co.?

Mr. RUMMINGER. Yes.

Mr. KENNEDY. Did he make any statements to you as to the fact that he could help you in your business?

Mr. RUMMINGER. He did make the statement that he might enable me to get more trucklines in my office so as to share my expense and he would help me whenever he could, yes, putting in a good word.

Mr. KENNEDY. That he would try to get some trucking companies to move their place of business into your office?

Mr. RUMMINGER. To share my expense, yes.

Mr. KENNEDY. Did he also state that he thought he might be able to help you with the McLouth Steel Corp.?

Mr. RUMMINGER. I had mentioned several accounts that I could be helped in, yes.

Mr. KENNEDY. I don't understand that answer. Did he also make a statement to you that he could help you with the McLouth Steel Co. Corp.?

Mr. RUMMINGER. There was no mention by him of that McLouth, no.

Mr. KENNEDY. There was no mention by him?

Mr. RUMMINGER. Not specifically, no.

Mr. KENNEDY. He did not mention McLouth Steel Corp.?

Mr. RUMMINGER. I mentioned McLouth, yes.

Mr. KENNEDY. Did he say he could help you with McLouth?

Mr. RUMMINGER. He said he would put in a good word for me at McLouth, yes.

Mr. KENNEDY. Was he able to help you at McLouth?

Mr. RUMMINGER. The business has been good, yes.

Mr. KENNEDY. What financial arrangements did you make with him at that time?

Mr. RUMMINGER. My setup was strictly on a percentage basis.

Mr. KENNEDY. What financial arrangements did you make with Mr. McMaster at that time?

Mr. RUMMINGER. It was more or less on a partnership basis. I split my personal net profit with him, which was 3 percent, on the McLouth business.

Mr. KENNEDY. You gave him 3 percent of all the business that he could obtain for you from McLouth; is that right?

Mr. RUMMINGER. Yes.

Mr. KENNEDY. And did you begin to make payments then to him starting in 1955, after this conversation?

Mr. RUMMINGER. Yes.

Mr. KENNEDY. Did your business with McLouth Steel Corp. increase after that?

Mr. RUMMINGER. I didn't get the question, sir.

Mr. KENNEDY. Did your business with the McLouth Steel Corp. increase after that, after this conversation?

Mr. RUMMINGER. Yes.

Mr. KENNEDY. And then did you begin making payments to Mr. McMaster?

Mr. RUMMINGER. I made all payments to M. & G. Trucking.

Mr. KENNEDY. What was the M. & G. Trucking Co.?

Mr. RUMMINGER. That I do not know.

Mr. KENNEDY. Was that the company that Mr. McMaster told you you should make the checks out to?

Mr. RUMMINGER. Yes.

The CHAIRMAN. Who is Mr. McMaster that you were dealing with at that time?

Mr. RUMMINGER. Who was he?

The CHAIRMAN. Yes. What did he represent? What was his business?

Mr. RUMMINGER. The Teamsters Union.

The CHAIRMAN. In what capacity?

Mr. RUMMINGER. Business agent.

The CHAIRMAN. Business agent for what Teamsters local?

Mr. RUMMINGER. 299.

The CHAIRMAN. For 299?

Mr. RUMMINGER. Yes, sir.

The CHAIRMAN. So you were paying commissions to a Teamster or business agent of the Teamster local to help you get business?

Mr. RUMMINGER. I paid all my commissions to M. & G. Cartage.

The CHAIRMAN. Who are they?

Mr. RUMMINGER. That I don't know. It is a cartage company.

The CHAIRMAN. Is that who directed you to pay them to?

Mr. RUMMINGER. That is right.

The CHAIRMAN. Did you ever find out who M. & G. Trucking Co. is?

Mr. RUMMINGER. No, sir, I haven't.

The CHAIRMAN. Were you interested in knowing?

Mr. RUMMINGER. No, sir.

The CHAIRMAN. Why? Wouldn't you like to know who you are doing business with, who you are paying out money to?

Mr. RUMMINGER. I never checked that, sir.



The CHAIRMAN. I beg your pardon?

Mr. RUMMINGER. I never check it, sir.

The CHAIRMAN. I asked you if you are not a little interested in knowing who you are paying out your money to, who you are doing business with.

Mr. RUMMINGER. Well, the business had increased. I felt no need to check any further.

The CHAIRMAN. No need to check any further?

Mr. RUMMINGER. That is right.

The CHAIRMAN. The whole idea of making this arrangement with the business agent of the Teamsters local was to get an increase in business?

Mr. RUMMINGER. That is right.

The CHAIRMAN. And you did not care who got the profit? You did not care who got the money you were paying out?

Mr. RUMMINGER. Well, I felt M. & G., whoever that was, made their profit, yes.

The CHAIRMAN. What did they have to do with making a profit? Did you ever have any business dealings with M. & G. other than issuing these checks?

Mr. RUMMINGER. No, I haven't.

The CHAIRMAN. Did you ever talk with anybody who represented M. & G. Trucking Co.?

Mr. RUMMINGER. No, sir.

The CHAIRMAN. Did you ever meet anybody or know anybody who was identified with such a company?

Mr. RUMMINGER. No, sir.

The CHAIRMAN. So you just made checks to them at the direction of this business agent of the local?

Mr. RUMMINGER. That is right.

The CHAIRMAN. And who did you have an understanding with you were to pay the 3 percent to?

Mr. RUMMINGER. Mr. McMaster.

The CHAIRMAN. Who was to get that money?

Mr. RUMMINGER. I beg your pardon?

The CHAIRMAN. Who was to get that money when you had that understanding?

Mr. RUMMINGER. M. & G. Cartage.

The CHAIRMAN. Did you inquire who M. & G. Cartage Co. was at that time?

Mr. RUMMINGER. No, sir, I did not.

The CHAIRMAN. The truth is that you knew this money was to go to McMaster, did you not?

Mr. RUMMINGER. I knew it was McMaster.

The CHAIRMAN. You knew it was to go to him, did you not?

Mr. RUMMINGER. Who was in the company I never inquired, I never checked.

The CHAIRMAN. You just made this arrangement with the business agent of the local in order to get the business?

Mr. RUMMINGER. That is right.

The CHAIRMAN. Could you identify the checks that you gave over a period of time to the trucking company?

Mr. RUMMINGER. Yes, sir. Those are my checks.

The CHAIRMAN. Is M. & G. Trucking Co. and the M. & G. Cartage Co. one and the same?

Mr. RUMMINGER. Yes, sir.

The CHAIRMAN. When you are speaking of one you are speaking of the other as well?

Mr. RUMMINGER. That was a mistake on my part in making out the check, sir.

The CHAIRMAN. As far as you know these checks, whether made to M. & G. Trucking Co. or M. & G. Cartage Co., all went to the same party?

Mr. RUMMINGER. Yes, sir. Mr. McMaster's name never appeared on the back.

The CHAIRMAN. What?

Mr. RUMMINGER. Mr. McMaster never did sign any of the checks on the back.

The CHAIRMAN. He never did sign any?

Mr. RUMMINGER. No, sir.

Mr. KENNEDY. Mr. Chairman, we have the certificate from the State of Michigan, county of Wayne, in connection with M. & G. Trucking Co., which indicates that it was owned and controlled by Mr. McMaster.

Senator MUNDT. Mr. Chairman, before we leave the checks, I wonder if we can find out whose name did appear on the backs.

The CHAIRMAN. I am going to introduce them.

I have here a number of checks, probably 30 or 40 checks. Without identifying each one, I will present them to you in bulk and ask you to examine them. They can be counted as to the number. Identify these checks and state what they are and what they are for.

(Documents handed to the witness.)

The CHAIRMAN. Let the record show the Chair has presented to the witness at this point a blank number of checks. The exact number can be ascertained and the record shall speak accordingly.

Mr. RUMMINGER. Yes, sir.

The CHAIRMAN. Those are the checks you paid out in pursuance of your agreement with Mr. McMaster?

Mr. RUMMINGER. That is right.

The CHAIRMAN. They were over a period of 1955, 1956, and 1957?

Mr. RUMMINGER. That is right.

The CHAIRMAN. These checks may be made, in bulk, exhibit No. 212. (The checks referred to were marked "Exhibit No. 212" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Do you know whether these are all of the checks that you paid?

Mr. RUMMINGER. Yes, sir, that is all of the checks I paid.

The CHAIRMAN. That is all that you have?

Mr. RUMMINGER. Yes, sir.

The CHAIRMAN. Do you know what the total amount is you paid out during the 3-year period of time in this fashion?

Mr. RUMMINGER. No, sir, I don't. The figures are——

The CHAIRMAN. I think it aggregates some \$19,711.07, according to the accountants of the committee. Would that be approximately correct, in your judgment?

Mr. RUMMINGER. Yes, sir.

The CHAIRMAN. And what was this paid out for?

Mr. RUMMINGER. That was for half of my commissions.

The CHAIRMAN. Half of your commissions?

Mr. RUMMINGER. The 3 percent, yes.

The CHAIRMAN. That was actually paid out to someone designated, this cartage company or trucking company, designated by this business agent of local 299?

Mr. RUMMINGER. That is right.

The CHAIRMAN. And that was to get business?

Mr. RUMMINGER. To get business and also to bring in other business to share my office, which I never did get, but there was other trucklines to come in.

The CHAIRMAN. In other words, you already had this account but you were not getting enough of the business?

Mr. RUMMINGER. That is right.

The CHAIRMAN. And there was this one account that he operated on to get you more business from that account?

Mr. RUMMINGER. Yes, sir.

The CHAIRMAN. And he was to bring in others; is that right?

Mr. RUMMINGER. There is no mention made of any definite accounts at all. It was more or less on like a partnership arrangement where he would bring in whatever he could to help share my expenses.

Senator MUNDT. All of these checks seem to be signed M & G Cartage Co. in pen and ink, underneath the name, Mary Alice Chenier.

Do you know who Mary Alice Chenier is?

Mr. RUMMINGER. No sir; I don't.

Senator MUNDT. You do not know?

Mr. RUMMINGER. No.

Senator MUNDT. You never met her?

Mr. RUMMINGER. No, sir.

Mr. KENNEDY. I can tell you.

Senator MUNDT. All right, if you can tell us.

Mr. KENNEDY. She is the sister of Rolland McMaster's wife.

Senator MUNDT. She is the sister-in-law, then, of Rolland McMaster?

Mr. KENNEDY. That is correct.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. How would you deliver these checks to M & G Cartage?

Mr. RUMMINGER. I mailed the checks, sir.

Senator CURTIS. Do you recall the address?

Mr. RUMMINGER. No, sir, I can't. It was in Bloomfield, but I can't recall the address.

Senator CURTIS. But you always mailed them?

Mr. RUMMINGER. Yes.

Senator CURTIS. Did you have a covering letter with them all the time?

Mr. RUMMINGER. I beg your pardon?

Senator CURTIS. Did you send a letter with them each time?

Mr. RUMMINGER. No, sir.

Senator CURTIS. You just mailed the checks?

Mr. RUMMINGER. Yes.

Senator CURTIS. That is all.

Senator MUNDT. Who on behalf of the M & G Cartage Co. ever came in and checked your books and examined your records to be sure you were sending the right amount?

Mr. RUMMINGER. No one ever checked.

Senator MUNDT. You could have sent them half as much and gotten by that way?

Mr. RUMMINGER. Yes, sir.

Senator MUNDT. Nobody ever came and looked?

Mr. RUMMINGER. No, sir.

Senator MUNDT. They just took your word for it?

Mr. RUMMINGER. Yes, sir.

Senator MUNDT. Did you have Mr. McMaster's name on the envelope in which you sent the checks?

Mr. RUMMINGER. I sent them to M & G Cartage.

Senator MUNDT. Did you have to have a street address or a post office address?

Mr. RUMMINGER. I had the address. I don't recall what it was. But it was in Bloomfield.

Senator MUNDT. How big a city is Bloomfield?

Mr. RUMMINGER. It is a suburb of Detroit.

Senator MUNDT. So you would have to have a street address?

Mr. RUMMINGER. Yes, sir.

Senator MUNDT. You must have that street address some place in your files and records?

Mr. RUMMINGER. I do at home, yes.

Senator MUNDT. You did not submit that to the committee?

Mr. RUMMINGER. No, sir.

Senator MUNDT. But you have it?

Mr. RUMMINGER. Yes, sir.

The CHAIRMAN. You may remain seated.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MAHER. I do.

#### TESTIMONY OF JOSEPH F. MAHER

The CHAIRMAN. State your name, your place of residence, and your present employment.

Mr. MAHER. My name is Joseph F. Maher. I live in Alexandria, Va., and I am a member of the staff of this committee.

The CHAIRMAN. In the course of your duties, have you made an investigation of this particular business enterprise known as the M & G Trucking Co. or MG Trucking?

Mr. MAHER. Yes, sir.

The CHAIRMAN. I hand you here a photostatic copy of a document and I will ask you to examine it and state if you can identify it.

(Document was handed to the witness.)

Mr. MAHER. Yes, sir.

The CHAIRMAN. What is it?

Mr. MAHER. This is a certificate of doing business under an assumed name.



The CHAIRMAN. It is what?

Mr. MAHER. It is a certificate for doing business under an assumed name.

The CHAIRMAN. For doing business under an assumed name?

Mr. MAHER. Yes, sir.

The CHAIRMAN. Where is the certificate from, what authority?

Mr. MAHER. We received it from the Michigan secretary of state's office in Detroit, and it is in the name signed by Rolland McMaster. The original is on file there. It is dated December 28, 1949, at which time he filed the certificate for doing business in the name of M & G Trucking Co.

The CHAIRMAN. He filed this certificate in the secretary of state's office?

Mr. MAHER. Yes, sir.

The CHAIRMAN. In 1949?

Mr. MAHER. Yes, sir.

The CHAIRMAN. Certifying that he was doing business under the name of MG Trucking Co., M & G Trucking Co.?

Mr. MAHER. Yes, sir.

The CHAIRMAN. This is a photostatic copy from which you are testifying?

Mr. MAHER. Yes, sir.

The CHAIRMAN. It may be made exhibit No. 213.

(Document referred to was marked "Exhibit No. 213" for reference and may be found in the files of the select committee.)

The CHAIRMAN. I hand you another photostatic copy of a document and ask you to examine it and state if you can identify it, please?

(Document handed to the witness.)

Mr. MAHER. Yes, sir.

The CHAIRMAN. What is it?

Mr. MAHER. This is a signature card that we received from the Detroit Bank, in Detroit, Mich., on the account of M & G Trucking Co. at that bank. The signature card reflects that Rolland McMaster authorized Yvonne McMaster and Mary Alice Chenier to sign checks on behalf of M & G Trucking Co.

The CHAIRMAN. On that account?

Mr. MAHER. On that account.

The CHAIRMAN. That photostatic copy may be made exhibit No. 214.

(Document referred to was marked "Exhibit No. 214" for reference, and will be found in the appendix on p. 16179.)

The CHAIRMAN. All right, Mr. Kennedy, have you further questions?

Mr. KENNEDY. What do the figures show as to the amount of money that was paid to the M & G from Mr. Rumminger?

Mr. MAHER. Mr. Rumminger furnished the committee an affidavit in which he stated that—

the approximate gross figures for the year 1955, in the name of Aero Cartage, was \$170,090; for the year 1956, \$275,987; for the year 1957, \$210,957. The total for those 3 years: \$657,034.

Mr. KENNEDY. This is the gross business that the McLouth Steel Co. gave to Mr. Rumminger's company?

Mr. MAHER. Yes, sir.



Mr. KENNEDY. And this had increased from less than \$50,000 in the previous year; is that correct?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. And went up materially. Then how much were the payments that Mr. Rumminger made each year to Mr. McMaster through the M & G Co.? The chairman read the total amount of \$19,000.

Mr. MAHER. In 1955, the commission paid to M & G Cartage was \$5,102.72. In 1956, the commission paid was \$8,279.62. In 1957, \$6,328.73. The total for the 3 years is \$19,711.07.

The CHAIRMAN. Are those figures substantially correct, Mr. Rumminger?

Mr. RUMMINGER. Yes, sir.

The CHAIRMAN. You checked your records and you gave those figures in your affidavit?

Mr. RUMMINGER. They were computed by the committee and I believe they are right, yes.

The CHAIRMAN. You believe those figures to be accurate, to be correct?

Mr. RUMMINGER. Yes, sir.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. You made these payments to Mr. McMaster—

Senator MUNDT. Before we leave Mr. Maher, I have a question for him.

The CHAIRMAN. All right.

Senator MUNDT. Did you examine the bank accounts of the M & G Cartage Co.?

Mr. MAHER. Yes, sir.

Senator MUNDT. Did it indicate that there were other sources of revenue other than the checks received from Mr. Rumminger?

Mr. MAHER. Yes, sir. We could not identify those sources, but it did indicate there were other sources of revenue.

Senator MUNDT. Were they substantial sources?

Mr. MAHER. Yes.

The CHAIRMAN. Substantial amounts?

Senator MUNDT. Substantial amounts?

Mr. MAHER. Yes, sir.

Senator MUNDT. About how large did the balance run?

Mr. MAHER. We have the figures, Senator.

Mr. KENNEDY. Senator, we have learned from the tax returns of Mr. McMaster, made available to us, how much he declared from the M & G Cartage Co., if you would like to have that.

Senator MUNDT. What I was trying to determine was whether he might have had arrangements similar to these with other operators besides Mr. Rumminger, or whether this was a bank account set up just to absorb the income from Mr. Rumminger.

You tell me that this was just a fractional part of his total bank accounts?

Mr. MAHER. Yes, sir.

Senator MUNDT. It was handled under the name of M & G Cartage Co.?

Mr. MAHER. Yes, sir.

Senator MUNDT. Do you have available the figures showing what the full amount of the account was or what its average monthly increment was?

Mr. MAHER. From his income tax return, Senator?

Senator MUNDT. I mean from the bank account. Did you have access to the bank statements? Did you get a photostatic record of the bank statements? Did you get it from the bank accounts?

Mr. MAHER. Yes, sir; and they assimilate what he puts into his income tax returns. We have those figures available. We also have information on another company named Hess Cartage. He apparently had an identical arrangement with Hess Cartage.

Senator MUNDT. So the way it appears from the bank accounts there were at least two companies with which he had this commission arrangement?

Mr. MAHER. Yes, sir.

Senator MUNDT. And there might have been more?

Mr. MAHER. Yes, sir. The names of those companies we have not been able to find out.

Senator MUNDT. But you could get some deduction from the value of the accounts. Would you say that the Hess Co., the Rumminger Co., and the Aero Cartage Co., together would represent more or less than 50 percent of the velocity of the accounts?

Mr. MAHER. I would say less, Senator.

Senator MUNDT. Less than 50 percent?

Mr. MAHER. I would say so.

Senator MUNDT. So that there was at least over twice as much other financial activity in the account which could or could not have been, as far as your records show, derived from the same type of commission connection?

Mr. MAHER. Yes, sir.

Senator MUNDT. And there is nothing in the account that indicates the sources of this other revenue?

Mr. MAHER. No; there is not. The names are not in the accounts, sir.

Senator MUNDT. Mr. Rumminger, are you still operating the Aero Cartage Co.?

Mr. RUMMINGER. No, sir, I am not.

Senator MUNDT. Did you sell it out?

Mr. RUMMINGER. It dissolved. There was nothing to sell out.

Senator MUNDT. Why did you dissolve it?

Mr. RUMMINGER. I dissolved it in the first of 1958, when I took the job with Douglas on selling freight as well as steel. Business got so bad I couldn't keep on.

Senator MUNDT. Was this all the business you did, this \$210,000 with M. & G., or McLouth Co.? Was that all the business you had?

Mr. RUMMINGER. I had other accounts, smaller accounts; yes, sir.

Senator MUNDT. But the \$6,000 that you earned as your share of that commission represented substantially the major part of your income; is that right?

Mr. RUMMINGER. I would say yes.

Senator MUNDT. So you quit it to go into a salaried job?

Mr. RUMMINGER. That is right.

Mr. KENNEDY. You paid this money to Mr. McMaster through the M. & G. Co. because of his ability to obtain this increase in business for you; is that right?

Mr. RUMMINGER. Yes, and to bring in other trucklines to share my overhead. My overhead was quite high.

Mr. KENNEDY. But there was no question at any time that he was the one that was able to bring this business to you?

Mr. RUMMINGER. I never doubted it; no.

Mr. KENNEDY. Do you know who it was in the McLouth Steel Co. that he was able to contact?

Mr. RUMMINGER. No, sir; I do not.

Mr. KENNEDY. Did you know that Mr. McMaster was the business agent for the McLouth Steel Co. employees?

Mr. RUMMINGER. No, sir; I did not.

The CHAIRMAN. May I inquire, Mr. Counsel, if they had a contract at that time?

Did local 299 have a bargaining contract with this company?

Mr. KENNEDY. The trucking company did, and Mr. McMaster was the business agent.

The CHAIRMAN. Thank you.

In other words, Mr. McMaster was arranging and dealing with a company that had a bargaining contract with the employees of this trucking company so he could get the commissions.

Mr. KENNEDY. That is correct.

The CHAIRMAN. And he presumably, in the capacity he occupied as business agent to the company, should have been representing the interests of these employees?

Mr. KENNEDY. That is right.

The CHAIRMAN. Yet he was making an arrangement with this company, helping it direct its business to a source from which he could get a commission?

Mr. KENNEDY. That is correct. Mr. Chairman, the income tax returns that have been made available by Mr. McMaster indicate that in 1953 he cleared from the M. & G. Co. \$387.51. In 1954, \$15,228.92, and in 1955, \$18,706.55; in 1956, \$10,202; and in 1957, \$11,465.21.

The amount of money that he received from Mr. Rumminger was just less than 50 percent of the total income that he received in the M. & G. Cartage Co. He had other commission arrangements with companies that at the present time we do not have the names of.

Senator MUNDT. Have we explored the records of the Hess Trucking Co., Mr. Counsel?

Mr. KENNEDY. He had an interest in other trucking companies in addition to this, Mr. Senator, that we expect to go into.

The CHAIRMAN. Is there anything further of this witness?

Mr. KENNEDY. That is all.

The CHAIRMAN. You may stand aside for the present.

Call the next witness.

Mr. Rumminger, you are not excused. We may want to recall you.

Mr. KENNEDY. Mr. Chairman, this is an affidavit from Mr. James E. Douglas.

The CHAIRMAN. This affidavit will be printed in the record in full at this point.



(The affidavit referred to is as follows:)

## AFFIDAVIT

STATE OF MICHIGAN,  
City of Detroit, ss.:

I, James E. Douglas, Jr., 1311 North Washington Street, Owosso, Mich., make this statement freely and voluntarily to Joseph F. Maher, who has identified himself to me as an investigator for the Senate Select Committee on Improper Activities in the Labor or Management Field. I know that this statement may be used at a public hearing.

I am the president of Douglas Trucking Lines, Inc., located at 1011 East Main Street, Owosso. Our company was formed in 1923; our steel division in Detroit was set up in approximately 1953. Our primary business prior to 1953 was the hauling of general commodities other than steel. We hauled only a limited quantity of steel from the Detroit area. Mr. Bill Rumminger was at that time in his own company, Aero Cartage. Because of the loss of his ICC authority he wanted to discontinue his company and enter our employ. The original setup consisted of a straight commission arrangement with Mr. Rumminger of about 10 percent. For this amount Mr. Rumminger rented the terminal, hired office help and dispatchers, and solicited the major steel accounts. Owner-operators were used entirely for hauling the steel products. In effect, this meant that all of our expenses were on a percentage basis, i.e., 75 percent to the owner-operator, 10 percent to Rumminger, and 15 percent to Douglas Trucking as a net amount to cover our expenses, overhead, etc. This continued until January of this year when Mr. Rumminger went on a salary basis. His reasons for going on a salary basis and discontinuing Aero Cartage and the commission arrangement were these:

1. Reduced volume of the auto industry had lowered his commission.
2. Control of steel account had gradually shifted to the consignee and Mr. Rumminger's control of the steel accounts was thus weakened.
3. Mr. Rumminger felt that the railroads were gradually taking over the primary steel accounts and that on a long-term basis he should begin to enter the so-called dry freight business.

I first heard of M. & G. Trucking Co. a few weeks ago from Mr. Joseph Maher, of the Senate select committee. Prior to Mr. Maher's call I had not heard of M. & G. Trucking, nor had I heard of Mr. McMaster in connection with M. & G. Trucking. I had no knowledge that Mr. Rumminger was paying M. & G. Trucking or Mr. McMaster a commission. Subsequent to my talk with Mr. Maher, Mr. Rumminger called me and explained that he had been paying M. & G. Trucking 2 percent of the revenue on all steel shipped by McLouth. He stated that this was in payment for the solicitation services of Mr. McMaster for the McLouth account. Prior to this telephone call I had no knowledge directly or indirectly of any business dealings between Mr. Rumminger and Mr. McMaster.

Douglas Trucking had received no revenue from McLouth Steel prior to the setting up of our steel division in Detroit to the best of my knowledge.

I do not know what contact Mr. Rolland McMaster had with any representative of McLouth Steel.

As I remember, I first met Rolland McMaster at a luncheon meeting in Detroit approximately 2 years ago. This was to discuss a grievance case involving the discharge of a driver. We subsequently lost the case. I have only met Rolland McMaster about five or six times. I know of no other arrangements or deals between Douglas Trucking Lines or its employees with any other labor union officials or business agents. To my knowledge, we have done no business with any company directly or indirectly connected with a labor union official other than with M. & G. Trucking.

I have never had any threats or violence from any labor union official, nor have I ever made a payoff directly or indirectly to any labor union officials, nor to my knowledge, has any other Douglas Trucking employee.

Prior to my conversations with Mr. Rumminger a few weeks ago I never heard of Powers Trucking Co. and Douglas Trucking Co., never transacted any business with Powers Trucking to the best of my knowledge.

The above statements are made to the best of my knowledge and belief.

JAMES E. DOUGLAS, Jr.

Sworn and subscribed before me this 10th of September, 1958.

DOROTHY KEMNITZ,

Notary Public, County of Wayne, State of Michigan.

My commission expires August 19, 1961.

Mr. KENNEDY. Mr. Garavaglia.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GARAVAGLIA. I do.

**TESTIMONY OF JOHN GARAVAGLIA, ACCOMPANIED BY COUNSEL,  
RICHARD C. VAN DUSEN**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. GARAVAGLIA. John G. Garavaglia, 13111 Rosedale, Wyandotte, Mich., traffic manager for McLouth Steel Corp.

The CHAIRMAN. Thank you, sir. Do you have counsel?

Mr. GARAVAGLIA. Yes, sir.

The CHAIRMAN. Counsel, will you identify yourself?

Mr. VAN DUSEN. I am Richard C. Van Dusen, a member of the firm of Dickinson, Wright, Davis, McKean & Cudlip, of Detroit; a member of the Michigan bar.

The CHAIRMAN. You may proceed, Mr. Kennedy.

Mr. KENNEDY. You are Mr. Garavaglia, G-a-r-a-v-a-g-l-i-a, is that correct?

Mr. GARAVAGLIA. Yes.

Mr. KENNEDY. You have been employed for approximately 20 years by the McLouth Steel Corp.?

Mr. GARAVAGLIA. That is right.

Mr. KENNEDY. The last 18 years as traffic manager?

Mr. GARAVAGLIA. That is right.

Mr. KENNEDY. When did you first become acquainted with Rolland McMaster?

Mr. GARAVAGLIA. Around 1953. We took over W. T. Cartage Co.

Mr. KENNEDY. What is W. T. Cartage?

Mr. GARAVAGLIA. A contractor for McLouth Steel Corp.

Mr. KENNEDY. What did they do?

Mr. GARAVAGLIA. They performed a service of hauling local commodities.

Mr. KENNEDY. They are the trucking company for McLouth Steel?

Mr. GARAVAGLIA. That is correct.

Mr. KENNEDY. Did you know the arrangements between the McLouth Steel Co. and Mr. Rumminger to obtain business for the McLouth Steel Corp.?

Mr. GARAVAGLIA. Will you repeat that, please?

Mr. KENNEDY. Do you know of the arrangements between the McLouth Steel Corp. with Mr. Rumminger?

Mr. GARAVAGLIA. There was no arrangements whatsoever made on it, on them hauling steel. They are a common carrier.

Mr. KENNEDY. Did you understand the arrangement between the McLouth Steel Corp. and Mr. Rumminger for Mr. Rumminger to attempt to obtain business for the McLouth Steel Corp., for the hauling.

Mr. VAN DUSEN. Would you mind repeating your question, Mr. Counsel?

Mr. KENNEDY. How long have you known Mr. Rumminger?

Mr. GARAVAGLIA. Approximately 12 years.

Mr. KENNEDY. Were you aware of the arrangement that he had with the Douglas Trucking Co. to obtain contracts for the hauling of steel?

Mr. GARAVAGLIA. He did not obtain a contract from McLouth Steel. (The witness conferred with his counsel.)

Mr. KENNEDY. Did you know of that arrangement?

Mr. GARAVAGLIA. Yes; I knew of that arrangement.

Mr. KENNEDY. Who informed you about that arrangement?

Mr. GARAVAGLIA. Mr. Rumminger, himself.

Mr. KENNEDY. When was that?

Mr. GARAVAGLIA. Approximately in 1953, I believe.

(The witness conferred with his counsel.)

The CHAIRMAN. Was that an arrangement whereby Mr. Rumminger was to go out and get business and get a commission on it if he could get people to patronize your company? Is that correct?

Mr. VAN DUSEN. Mr. Chairman, I think if Mr. Garavaglia just tells you the circumstances under which Mr. Rumminger called upon him, it would satisfy the question.

The CHAIRMAN. Give us the story.

Mr. GARAVAGLIA. Mr. Rumminger called on me first when he worked for Hancock Trucking. He was soliciting for Hancock Trucking. That is another trucking company that hauls iron and steel arms. At the time Hancock went out of business, Bill Rumminger started with Douglas, and he has been calling on me ever since and still calls on me today, on soliciting business for his trucking company.

The CHAIRMAN. I thought he was out of business?

Mr. GARAVAGLIA. No, sir; he is not. He might be, but Douglas is still operating.

The CHAIRMAN. Douglas is still operating?

Mr. GARAVAGLIA. Yes, sir; and he still calls on me, Mr. Rumminger himself.

The CHAIRMAN. He may call on you, but I understood him to testify that his company is out of business.

Mr. GARAVAGLIA. Well, I don't know anything about his. I am referring to Douglas Truck Lines.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. The W & T Cartage Co. hauls locally; is that correct?

Mr. GARAVAGLIA. That is correct.

Mr. KENNEDY. And the Douglas Trucking Co. would be one of several companies that would haul long distance?

Mr. GARAVAGLIA. Intra; that is right.

Mr. KENNEDY. And he, as you understood it, was working for the Douglas Trucking Company, attempting to get business?

Mr. GARAVAGLIA. That is right.

Mr. KENNEDY. And you were working for the McLouth Steel Corp.?

Mr. GARAVAGLIA. That is right.

Mr. KENNEDY. In your capacity as traffic manager for the McLouth Steel Corp., would it be your decision as to what company would receive the contracts for the hauling of this, interstate?



Mr. GARAVAGLIA. Well, that is a difficult question to answer. You are saying a contract. We have no contract with any carrier. They are common carriers.

Mr. KENNEDY. Would it be your responsibility to make the arrangements?

Mr. GARAVAGLIA. Yes.

Mr. KENNEDY. It would be your responsibility. Did Mr. Rolland McMaster ever speak to you about giving more business to the Douglas Trucking Co.?

Mr. GARAVAGLIA. No, he has not.

Mr. KENNEDY. According to the previous witness, he entered into an arrangement in 1955 whereby Mr. Rolland McMaster, if he could obtain an increase in business from your company, was to receive a percentage of the profits. Immediately thereafter, the business from the McLouth Steel Corp. increased tremendously.

Can you give us any explanation of that?

Mr. GARAVAGLIA. Yes, I can. It was due to the fact that our tonnage had increased over the period of years that we were coming up the ladder. Our tonnage has gotten greater and we have used more carriers in our organization.

Mr. KENNEDY. You had carriers that you had used for an extended period of time, you had some of the largest trucking companies in the Michigan area that could have been hauling this steel. Why was it that you turned to this new company that was handling a relatively minor amount of your business?

Mr. GARAVAGLIA. They could not handle all the business that we had at the time Douglas Trucking started with us. Our tonnage had increased tremendously, and we still have the various companies we use right now, and they still haven't had enough equipment to take care of us.

Mr. KENNEDY. Your business with this company increased 400 or 500 percent over a period of some 5 or 6 months. It was immediately after Mr. McMaster had a conversation with you.

Mr. GARAVAGLIA. I don't know about that.

Mr. KENNEDY. You had no conversation at all with Mr. McMaster?

Mr. GARAVAGLIA. No, sir; I did not.

Mr. KENNEDY. He never urged you to give your business to the Douglas Trucking Co.?

Mr. GARAVAGLIA. No, sir.

Mr. KENNEDY. You never had any conversations at all?

Mr. GARAVAGLIA. None whatsoever.

Mr. KENNEDY. Did Mr. McMaster suggest to you that you go into business together?

Mr. GARAVAGLIA. No, sir.

Mr. KENNEDY. He never made a suggestion of that kind?

Mr. GARAVAGLIA. No, sir.

Mr. KENNEDY. Did you ever go into business with McMaster?

Mr. GARAVAGLIA. No, sir.

Mr. VAN DUSEN. Might the witness be permitted to elaborate a little on the question of the volume given to Douglas Trucking Co.?

The CHAIRMAN. Yes.

Mr. GARAVAGLIA. We had not taken any business away from any carrier whatsoever when Douglas started. They all received their fair portion of steel out of our plant.

Mr. VAN DUSEN. The business you gave to Douglas was increased business over and above the amount you had formerly in total?

Mr. GARAVAGLIA. That is right.

The CHAIRMAN. How much had your business increased after 1954? In 1954 what was the amount that this company received?

Mr. KENNEDY. Less than \$50,000.

The CHAIRMAN. Say \$50,000 in 1954.

Mr. KENNEDY. It went to \$170,000 in 1955 and \$270,000 in 1956.

The CHAIRMAN. That would be an increase of 400 or plus percent, between 400 and 500 percent. Did the gross business of your company increase that much during that period of time?

Mr. GARAVAGLIA. Yes, sir; just about.

The CHAIRMAN. 400 or 500 percent in a year or two?

Mr. GARAVAGLIA. Yes, sir. We went through a \$210 million expansion at that time and the facilities were ready for operation. We started there very small with two electric furnaces. In our business now we have four electric furnaces, two blast furnaces, an oxygen plant. We were producing probably around 40,000 tons a month then and we are producing now 145,000 tons.

Mr. KENNEDY. I felt we should have this witness called before the committee, Mr. chairman, to get this explanation. The previous witness testified that he gave Mr. McMaster 50 percent of the profits based on the fact that Mr. McMaster said he could deliver this business.

In order to tell the committee the story, we felt it was important that this witness be called to testify as to his participation in this company.

The CHAIRMAN. According to the record up to this point, Mr. Ruminger actually paid out some \$19,000 in commissions, to McMaster, on the basis of this business that was received from your company. That is the testimony, undisputed up to this point.

You say that it wasn't necessary for him to pay out that money because you were going to give him the business anyhow?

Mr. GARAVAGLIA. That is correct.

The CHAIRMAN. So he was a pretty stupid businessman? That is what you would have to conclude?

Mr. GARAVAGLIA. That is right.

The CHAIRMAN. That is, unless the deal was actually made. Of course, the question of the propriety of a business agent going out and dealing in such things is still a matter of concern.

Is there anything further?

Mr. VAN DUSEN. Might I add just a couple of things to the record?

Listening to the previous testimony, I think it should be clear on the record, and you have affidavits in your file to this effect, that McLouth Steel Corp., has no contract with the Teamsters Union or with any of its local unions, no contract of any kind with Rolland McMaster.

I should also mention that the great bulk of the freight payments which we are talking about to Douglas Trucking were not made by McLouth, but were made by shippers who were purchasing the steel and paying the freight collect.



Mr. KENNEDY. On the first point, the W & T Cartage Co., which does the local hauling for the McLouth Steel Corp., has a contract with the Teamsters Union.

Mr. VAN DUSEN. That is correct, but W & T is not affiliated with McLouth Steel Corp.

Mr. KENNEDY. But it is owned by McLouth employees, and the business agent for the employees of the W & T Cartage Co. is Rolland McMaster.

Mr. VAN DUSEN. That is correct, but I wanted to have the distinction perfectly clear that McLouth has no contract with the Teamsters whatsoever. They are represented by the Steelworkers.

The CHAIRMAN. Are there any further questions of this witness?

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. All right. You may stand aside.

Mr. VAN DUSEN. May the witness be excused?

The CHAIRMAN. We probably can excuse you at the noon hour when we adjourn. We will wait and see. You may stand aside for the present.

Mr. KENNEDY. I would like to recall Mr. Maher to give the information we have about the rest of the trucking companies.

#### TESTIMONY OF JOSEPH F. MAHER—Resumed

Mr. KENNEDY. Mr. Maher, we found that Rolland McMaster has an interest in another trucking company?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. Would you tell us what other trucking companies?

Mr. MAHER. In 1950 he had an interest in Powers Trucking Co.

Mr. KENNEDY. What was the Powers Trucking Co.?

Mr. MAHER. It was a regular local transit company formed by Edward Powers and Rolland McMaster in approximately 1950.

Mr. KENNEDY. How long did he keep his interest in that company?

Mr. MAHER. I believe it was 1956.

Mr. KENNEDY. And in addition to that, has he had an interest in other trucking companies?

Mr. MAHER. Yes, sir. The records we obtained reflect that he had an interest in Reed Transportation Co. I believe it was a partnership with Jack C. Reed and Rolland McMaster.

Mr. KENNEDY. What was that company?

Mr. MAHER. This was a local transit company around Detroit. I believe that the officers of the company were Reed as president, and Yvonne McMaster, secretary.

Mr. KENNEDY. Who is Yvonne McMaster?

Mr. MAHER. Rolland McMaster's wife. Rolland McMaster was on the board of directors.

Mr. KENNEDY. When did that company come into business?

Mr. MAHER. I believe it was 1953, approximately.

Mr. KENNEDY. Was that company succeeded by another trucking company?

Mr. MAHER. Yes, sir; a company by the name of Ram Transit Corp., Inc., a corporation formed by three individuals, Jack Reed, formerly of Reed Transportation, a man named Allen, and Rolland McMaster.

Mr. KENNEDY. What was the Ram Transporting? What did they do?

Mr. MAHER. I believe it was a followup to Reed Transportation Co.

Mr. KENNEDY. What services did they perform? Were they in the leasing business?

Mr. MAHER. Yes.

Mr. KENNEDY. They leased to other trucking companies?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. Do we have any figures on Ram Transport, Inc.?

Mr. MAHER. I believe we do, sir.

Yes, sir. We have obtained work papers from Lewis Rosen, an accountant for Rolland McMaster and also for the various companies that he was associated with. Mr. Rosen's papers that we obtained reflect that Ram Transport, Inc., received \$24,978.44 between September 16, 1954, to September 15, 1956. Ram Transport received this money, I believe, from Darling Freight Lines, in Grand Rapids, Mich.

Mr. KENNEDY. For what services? Do you know?

Mr. MAHER. I believe it was in connection with the hauling of freight for Darling.

Mr. KENNEDY. Did we find Mr. McMaster in any other companies?

Mr. MAHER. Yes, sir. Powers Trucking Co. was succeeded by a company called Aggregates Transport, Inc.

Mr. KENNEDY. How do you spell that?

Mr. MAHER. A-g-g-r-e-g-a-t-e-s. I believe Rolland McMaster was helpful to Edward Powers, whom he had known for about 30 years, in setting up Aggregates Transport, Inc.

Mr. KENNEDY. Did he have a financial interest in Aggregates?

Mr. MAHER. We are not able to ascertain exactly what financial interest he had; no, sir. There is another company called Canter's, Inc., that was incorporated in January 1951. The incorporators were Rolland McMaster, George Roxburgh, Jr.

Mr. KENNEDY. Who is George Roxburgh?

Mr. MAHER. A business agent of the Teamsters.

Mr. KENNEDY. And James M. Clift?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. Who is James M. Clift?

Mr. MAHER. Also a business agent of the Teamsters Union.

Mr. KENNEDY. What was the function of that company?

Mr. MAHER. To manage, lease, and sell real estate and principally to own and operate a riding stable.

Mr. KENNEDY. They had horses?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. They leased out the horses?

Mr. MAHER. I believe so, sir.

Mr. KENNEDY. Did you find any of his relatives in any other company?

Mr. MAHER. Yes, sir. I believe Yvonne McMaster, his wife, was an officer in Reed Transportation.

Mr. KENNEDY. I mean other than the ones you have mentioned.

Mr. MAHER. Yes, sir. There is a nephew by the name of Carl McMaster who started the Enterprise Equipment & Leasing Co. The articles of incorporation of that company are dated March 30, 1956. Carl, I believe, is a nephew of Rolland McMaster.

Mr. KENNEDY. Do you know what the function of that company was?

Mr. MAHER. Principally to buy, sell, or lease terminals of any kind. I also believe from the interview with Mr. Rosen and his work papers that this company was started with a loan of \$5,000 from Yvonne McMaster.

Mr. KENNEDY. That is Mr. McMaster's wife?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. Then he has a farm also; is that right?

Mr. MAHER. Yes, sir; out in Wixom, Mich.

Mr. KENNEDY. What is the name of that farm?

Mr. MAHER. Idle Acres Ranch.

Mr. KENNEDY. Do you know how large the farm is?

Mr. MAHER. Probably around 20 acres. I am not certain.

Mr. KENNEDY. You have examined the income tax returns of Mr. McMaster?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. Would you relate to the committee what they disclose for these various trucking companies and other businesses?

Mr. MAHER. Yes, sir. We received these income tax returns from Lewis Rosen, Mr. McMaster's accountant. A summary of the returns for the years 1949 through 1957 reflect—

Mr. KENNEDY. I think you have to take it each year. I don't think it would show by adding the figures up.

Mr. MAHER. The income tax return reflects for 1953 Mr. McMaster received income from Powers Transport in the amount of \$805; \$300 from Canter's, Inc.; \$387.51 from M & G Trucking, and \$747.73 from Reed Transportation Co.

The return for 1953 also reflected a farm loss for that year of \$2,330.38.

Mr. KENNEDY. Then income from the union of \$10,175?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. Let me just read these figures off and you tell me whether they are correct. In 1954, \$10,070 from the union; is that right?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. Commissions, \$283.80?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. In 1953 he declared commissions of \$1,964.65?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. There is no telling where that money came from?

Mr. MAHER. No, sir.

Mr. KENNEDY. Then Ram Transportation, \$1,225; is that right?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. M & G, \$15,228.92?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. And a farm loss of \$2,446.78?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. Making a total income of \$24,215?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. Then in 1955, \$10,070 from the union?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. \$1,700 in commissions?



Mr. MAHER. Yes, sir.

Mr. KENNEDY. Powers Transportation, \$2,245?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. M & G \$18,706.55?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. A loss from the farm of \$10,347.72?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. Making a total of \$23,936.99?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. Then in 1956, \$10,070 from the union?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. \$1,200 in commissions?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. \$525 from Powers Transportation?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. \$10,202 from M & G?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. A loss from the farm of \$14,494.59?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. Making a total income of \$10,685.41?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. Then last year, 1957, \$10,070 from the union?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. \$1,500 in commissions, \$11,465.21 from M & G Trucking?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. And a farm loss of \$19,794.01?

Mr. MAHER. Yes, sir.

Mr. KENNEDY. Making his income \$3,847.36?

Mr. MAHER. Yes, sir. We observed, sir, that as the M & G Trucking income was increased, the farm losses also increased at the same time.

Senator ERVIN. Maybe Mr. McMaster had become what is called an agriculturist, who is a person who makes his money in the city and loses it on the farm.

Mr. KENNEDY. Can we recall Mr. McMaster?

The CHAIRMAN. Come forward, Mr. McMaster.

# **TESTIMONY OF ROLLAND McMASTER, ACCOMPANIED BY COUNSEL, HARRY CLIFFORD ALLDER—Resumed**

Mr. KENNEDY. Mr. McMaster, during the 1930's you were convicted of a number of crimes; is that right?

Mr. McMASTER. Mr. Kennedy, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. In 1932, for the attempted larceny of auto tires; 1936, an assault and battery, and 1936 larceny; is that correct? Those three offenses?

Mr. McMASTERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Hoffa was attempting to get a deferment from the draft for you, and he wrote a letter and said you were promoted to business representative on December 19, 1941; is that correct?



Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that at that time that the letter was written, or at the time you received that promotion, you were out on bail after being arrested for felonious assault in the fact that you assaulted two brothers, the Smith brothers, with baseball bats and knives, you and seven other individuals from the Teamsters Union?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that this was never followed up because the Smith brothers refused to sign a complaint against you?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did you, in fact, assault them with baseball bats and knives, Mr. McMaster?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Could you clear up for us the situation regarding the payment that you received from Mr. Rumminger for obtaining the business from the McLouth Steel Corp.?

Could you tell us how you were able to obtain that contract, that account?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you tell us what the charge in your income tax returns each year is to income received from commissions, \$1,000 and \$1,800, and who that comes from?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you tell us what trucking companies paid you that money, Mr. McMaster?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did you ever receive any money from the Bridgeway's Co., the Bridgeway's Corp., in Michigan?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

(Present at this point: Senators McClellan and Ervin.)

Mr. KENNEDY. Mr. McMaster, when our investigator, Mr. Maher, interviewed you at Teamster headquarters, did you strike him? Did you hit him at all?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you tell the committee what the reason was for your hitting Mr. Maher and then, when you were surrounded by six or seven other Teamster officials, you bodily pushed him out of the Teamster headquarters?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. It is correct, is it not, that this happened in the Teamster headquarters in Detroit?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did you say or tell Mr. Maher he was a Communist for investigating you?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And did you tell him that he should have been in the service and that you had been fighting against people like Mr. Maher?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And didn't Mr. Maher explain to you at that time that he had spent 3 years in the service?

Mr. McMASTER. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't that the time, when you were surrounded by these other six or seven Teamster officials, that you threw him out of the headquarters of the Teamsters Union?

Mr. McMASTER. I respectfully decline to answer the question because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, we had subpoenas served on this witness for all his personal books and records, as well as the books and records of the businesses that he owns and operates.

The CHAIRMAN. Where are those checks, the other exhibits?

Mr. KENNEDY. They are here.

The CHAIRMAN. The Chair presents to the witness a series of checks that have been made exhibit No. 212, checks that were drawn by William Rumminger, made payable to the M. & G. Trucking Co. and M. & G. Cartage Co.

I ask you to examine that exhibit and examine those checks and state if you identify them.

(The documents were handed to the witness.)

(The witness conferred with his counsel.)

Mr. ALLDER. What is the question, Senator?

The CHAIRMAN. I asked him to examine the checks and state if he identifies them.

Do you identify those checks?

Mr. McMASTER. Mr. Chairman, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I hand you here exhibit No. 213, which is a photostatic copy of the certificate of conducting business under an assumed name. It appears to be dated the 28th day of December 1949. It has been made exhibit No. 213.

I will ask you to examine that and state if you identify it.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. Do you identify the document, exhibit No. 213, which the Chair has presented to you?

Mr. McMASTER. Mr. Chairman, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. It bears the signature of Rolland McMaster. I will ask you to examine that signature and state if it is yours.

(The witness conferred with his counsel.)

Mr. McMASTER. Mr. Chairman, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Did you file this certificate with the secretary of state?

(The witness conferred with his counsel.)

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Who is Miss Chenier?

Mr. McMASTER. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you know her?

Mr. McMASTER. Mr. Chairman, I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is she your wife's sister?

Mr. McMASTER. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. In other words, if she is your wife's sister, that might tend to incriminate you?

(The witness conferred with his counsel.)

Mr. McMASTER. Mr. Chairman, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I hand you here exhibit No. 214, which appears to be a signature authorization for the drawing on a bank account. I will ask you to examine it and state if you identify it.

(Document handed to the witness.)

(Witness conferred with his counsel.)

Mr. McMASTER. Mr. Chairman, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. According to this exhibit 214, Yvonne McMaster and Mary Alice Chenier are authorized to draw checks on this account. The account is in the name of M. & G. Trucking Co. This authorization bears the signature of Rolland McMaster. Did you sign this authorization?

(Witness conferred with his counsel.)

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Who is Yvonne McMaster?

(The witness conferred with his counsel.)

Mr. McMASTER. Mr. Chairman, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is she your wife?

Mr. McMASTER. Mr. Chairman, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is not Mary Alice Chenier a sister of your wife, Yvonne McMaster?

Mr. McMASTER. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. And did you not in this authorization designate them as persons to sign checks on the account of the M. & G. Trucking. Co.?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. And is it not the same Mary Alice Chenier who endorsed all of the checks that are covered in exhibit 212 in order to deposit this money to the credit of this account?



Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. How much of the money did you get out of this account?

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. In other words, you have been involved in a transaction, if you were involved, you were involved in a transaction, about which you cannot testify without the risk of self-incrimination; is that correct?

Mr. McMASTER. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I hand you here a subpoena that is directed to Rolland McMaster, issued by this committee. According to the return on it, it was served on you on the 23d day of July 1958. I ask you to examine the subpoena and state if you identify it as the subpoena that was served on you.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

Mr. McMASTER. A subpoena was served on me on or about that time, sir.

The CHAIRMAN. Does that appear to be it?

Mr. McMASTER. It has the appearance of the one that I received.

The CHAIRMAN. You do not deny that you received such a subpoena?

Mr. McMASTER. No.

The CHAIRMAN. All right.

You were ordered and directed in this subpoena to produce certain records. This subpoena may be printed in full, together with the return thereon, in the record at this point.

(The subpoena follows:)

UNITED STATES OF AMERICA

CONGRESS OF THE UNITED STATES

L-4647

*To Rolland McMaster, Wixom, Mich., Greeting:*

Pursuant to lawful authority, you are hereby commanded to appear before the Senate Select Committee on Improper Activities in the Labor or Management Field of the Senate of the United States, forthwith, at their committee room, 101 Senate Office Building, Washington, D.C., then and there to testify what you may know relative to the subject matters under consideration by said committee, and to produce duces tecum in accordance with the schedule attached hereto and made a part hereof.

Hereof Fail Not, as you will answer your default under the pains and penalties in such cases made and provided.

Given under my hand, by order of the committee, this 19th day of July, in the year of our Lord one thousand nine hundred and fifty-eight.

(Signed) JOHN L. McCLELLAN,  
*Chairman, Senate Select Committee on Improper  
Activities in the Labor or Management Field.*

Production of these records at Washington, D.C., will be waived if they are made available immediately at Detroit, Mich.

SCHEDULE TO SUBPENA L-4647

To produce duces tecum your personal records for the period January 1, 1949 to date, including cash receipts and disbursements, bank statements, canceled checks, correspondence files, paid bills, and any and all documents that relate in



any way to loans, loan accounts and to your ownership, operation and control of the following companies: Powers Trucking Company, Aggregate Transport Company, Ram Transport Company, M. & G. Trucking Company, Enterprise Equipment and Leasing Company, and any and all other companies, corporations, and partnerships in which you have a financial interest for the said period of time.

SERVICE

JULY 23, 1958.

I made service of the within subpoena by delivery personally a copy to the within-named Rolland McMaster, at 2741-Trumbull, Detroit, Mich., at 9:35 o'clock a. m., on the twenty-third day of July, 1958.

(Signed) JOSEPH F. MAHER.

The CHAIRMAN. You were ordered by this subpoena to produce certain records, certain of your personal records. Have you complied with the subpoena?

(The witness conferred with his counsel.)

Mr. ALLDER. Senator, there is a little confusion about that. I think the facts are that the committee went and got the records, which are named there. They do have them in their possession.

The CHAIRMAN. I will ask the question this way. In this subpoena you were directed to produce duces tecum your personal records for the periods January 1, 1949, to date, including cash receipts and disbursements, bank statements, canceled checks, correspondence files, paid bills and any and all documents that relate in any way to loans, loan accounts, and to your ownership, operation and control of the following companies: Powers Trucking Co., Aggregate Transport, M & G Trucking Co., Enterprise Equipment & Loading Co., and any and all other companies, corporations and partnerships in which you have a financial interest for the said period of time.

The question is: Have you undertaken to comply or have you complied with that direction and subpoena?

(The witness conferred with his counsel.)

Mr. McMASTER. What was your question again, Mr. Senator?

The CHAIRMAN. Without repeating and identifying all the records, the question is: Have you complied with the subpoena with respect to turning over these records or producing them?

(The witness conferred with his counsel.)

Mr. McMASTER. Yes.

The CHAIRMAN. How have you complied with it?

(The witness conferred with his counsel.)

Mr. McMASTER. The committee has the records in their possession.

The CHAIRMAN. Do you have any other records other than those that the committee has secured?

(Witness conferred with his counsel.)

Mr. McMASTER. To the best of my knowledge, the committee has all the records that were necessary under the subpoena.

The CHAIRMAN. I didn't say necessary.

Mr. McMASTER. I mean all that I knew about then.

The CHAIRMAN. You are telling this committee now you have no other records other than those that the committee has now?

Mr. ALLDER. That is at the time of the serving of the subpoena.

The CHAIRMAN. At the time of the serving of the subpoena?

Mr. McMASTER. That is right, Mr. Chairman.

The CHAIRMAN. You state that under oath?

Mr. McMASTER. Yes.

The CHAIRMAN. You have not subsequently destroyed any records that you had at that time?

(The witness conferred with his counsel.)

Mr. McMASTER. No.

Mr. KENNEDY. Do you have any checks for the Ram Transportation Co.?

Mr. ALLDER. I think we ought to be a little more explicit about that, Mr. Kennedy. If you add to that question in existence at the time of the serving of the subpoena, I think it is then just one thing. But if you just want to ask a general question, it will bring a different answer.

The CHAIRMAN. All of these questions with respect to the documents are confined to the time of the service of the subpoena.

(The witness conferred with his counsel.)

Mr. KENNEDY. Did you have any canceled checks from the Ram Transportation Co. at the time of the service of the subpoena?

Mr. McMASTER. No.

Mr. KENNEDY. What had happened to the canceled checks from that company?

(The witness conferred with his counsel.)

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did you anticipate the service of the subpoena and the investigation and thus destroy your records, Mr. McMaster?

Mr. McMASTER. No, I did not.

Mr. KENNEDY. What happened to the checks from the Ram Transportation Co.?

(The witness conferred with his counsel.)

Mr. McMASTER. Mr. Kennedy, to the best of my ability I believe the committee has those records.

Mr. KENNEDY. We do not have any checks for that company. We do not have any checks for the Powers Trucking Co. We do not have any checks for the M & G Cartage Co., and we do not have receipts and disbursements for these companies.

Where are all those records? They were not turned over to us.

(The witness conferred with his counsel.)

Mr. KENNEDY. Mr. Chairman, we have received some records from the accountant of Mr. McMaster's, as related. But these, for the most part, except relating to Mr. McMaster's income tax statements, were Mr. Rosen's own records. They were work papers that Mr. Rosen had made up, based on the accounting work he had done for Mr. McMaster. But we have not received in any substantial degree any of the books and records of Mr. McMaster. That is, except for the farm. We have received the books and records for the farm. But we have not received the books and records of the M & G Cartage Co., Powers Trucking, and the canceled checks for these companies, which are extremely important.

The CHAIRMAN. Where are those records, Mr. McMaster?

Mr. ALLDER. Senator, he would like to answer the question, if he knew, but as far as he knew, the accountant has them or the Internal Revenue has them.

The CHAIRMAN. Let him answer. He is under oath.

Where are the records of these companies, the Powers Trucking Co., the Aggregate Transport Co.?

Mr. McMASTER. I believe all of those records that you would want of me are either in the Internal Revenue's office or the committee's office.

The CHAIRMAN. You do not have them?

Mr. McMASTER. No, sir.

The CHAIRMAN. You have not withheld any records from this committee, called for by this subpoena? You state that under oath?

(The witness conferred with his counsel.)

Mr. McMASTER. Knowingly, I don't have any records, sir.

The CHAIRMAN. You state under oath that you have not withheld or concealed any of the records called for by this subpoena?

Mr. McMASTER. Yes, sir. Knowingly I don't know of any.

Mr. KENNEDY. The fact is, Mr. Chairman, we still do not have these records.

The CHAIRMAN. The Chair presents to you another subpoena served on you on the 23d day of July, 1958, served on you as an officer of the following companies: Powers Trucking Co., Aggregate Transport Co., Ram Transport Co., M & G Transport Trucking Co., and Enterprise Equipment and Leasing Co., directing you to produce for the period of January 1, 1959, all books and records, stock transfer books, minute books, and all books of account, including cash receipts and disbursements, bank statements, canceled checks, ledgers, memorandums, correspondence files, and any and all other related records and documents, including corporate tax returns for the following corporations: Powers Trucking Co., Aggregate Transport Co., Ram Transport Co., M & G Trucking Co., Enterprise Equipment and Leasing Co.

In addition thereto, to produce any and all records of each of the above corporations relating to transactions with or on behalf of labor unions and/or labor union officials during the period aforesaid.

The Chair presents this subpoena to you and asks if you recognize it as the subpoena served upon you.

(Document handed to the witness.)

(Witness conferred with his counsel.)

The CHAIRMAN. Do you recognize that as the subpoena that was served on you?

(Witness conferred with his counsel.)

Mr. McMASTER. Yes, Senator; it was served on me.

The CHAIRMAN. You have already been interrogated about some of those records.

This subpoena may be printed in the record at this point in full.

(The subpoena referred to follows:)

UNITED STATES OF AMERICA

CONGRESS OF THE UNITED STATES

L-4648

*To Roland McMaster, as an officer of the following companies: Powers Trucking Co., Aggregate Transport Co., Ram Transport Co., M & G Trucking Co., and Enterprise Equipment and Leasing Co., Wixom, Michigan, Greeting:*

Pursuant to lawful authority, you are hereby commanded to appear before the Senate Select Committee on Improper Activities in the Labor or Management Field of the Senate of the United States forthwith, at their committee room, 101 Senate Office Building, Washington, D.C., then and there to testify what you may know relative to the subject matters under consideration by said committee, and to produce duces tecum pursuant to the schedule hereto annexed and made a part hereof.



Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

Given under my hand, by order of the committee, this 19th day of July, in the year of our Lord one thousand nine hundred and fifty-eight.

(Signed) JOHN L. McCLELLAN,  
*Chairman, Senate Select Committee on Improper Activities in the Labor or Management Field.*

Production of these records at Washington, D.C., will be waived if they are made available immediately at Detroit, Michigan.

SCHEDULE A (L-4648)

To produce duces tecum, for the period January 1, 1949 to date, all books and records, stock transfer books, minute books and all books of account, including cash receipts and disbursements, bank statements, cancelled checks, ledgers, memoranda, correspondence files, and any and all other related records and documents including corporate tax returns for the following corporations:

1. Powers Trucking Company
2. Aggregate Transport Company
3. Ram Transport Company
4. M & G Trucking Company
5. Enterprise Equipment and Leasing Company

In addition thereto, to produce any and all records on each of the above corporations relating to transactions with or on behalf of labor unions and/or labor union officials during the period aforesaid.

SERVICE

JULY 23, 1958.

I made service of the within subpoena by delivering personally a copy to the within-named Rolland McMaster, at 2741-Trumbull, Detroit, Mich., at 9:35 o'clock a.m., on the twenty-third day of July, 1958.

(Signed) JOSEPH F. MAHER.

The CHAIRMAN. Have you complied with that subpoena in that you delivered the records called for or produced them as called for?

(Witness conferred with his counsel.)

Mr. McMASTER. Mr. Kennedy, all the things asked for in the subpoena that were in existence at the time of the issue of the subpoena are in the hands of the committee, to the best of my knowledge and belief.

The CHAIRMAN. You state that you have not withheld any of those records? You state that under oath, do you?

Mr. McMASTER. Yes, I do.

The CHAIRMAN. You have not concealed or withheld any of those records from the committee?

(The witness conferred with his counsel.)

Mr. McMASTER. I have not.

The CHAIRMAN. All right. Proceed, Mr. Kennedy.

Mr. KENNEDY. The same situation exists, Mr. Chairman.

I wonder if we could make arrangements for a consultation with the accountant. We have to try to determine where these books and records have gone to.

The CHAIRMAN. Who is your accountant?

(The witness conferred with his counsel.)

Mr. KENNEDY. I will say this: When our investigator talked to your wife, she told the investigator that she was not permitted to turn over the books and records because of your being investigated; that Mr. George Fitzgerald had told her that she was not to turn over the books and records.

(The witness conferred with his counsel.)



The CHAIRMAN. Who is your accountant, so we can confer with him?

Mr. McMASTER. Mr. Lew Rosen.

The CHAIRMAN. Is there anything further?

Senator Ervin.

Senator ERVIN. Did I understand you correctly when I understood you to testify that you honestly believed that it might tend to incriminate you in the commission of some criminal offense if you admitted that you were married to your wife?

(The witness conferred with his counsel.)

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator ERVIN. I will leave it up to you to answer her when you get home.

That is all.

Mr. KENNEDY. Mr. Chairman, there are just two other matters.

You were one of the business agents that supposedly or allegedly loaned Mr. Hoffa \$1,000 in 1953; is that correct?

(The witness conferred with his counsel.)

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did you in fact advance him the \$1,000?

Mr. McMASTER. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. McMaster, is it also correct that you have a \$5,000 loan outstanding from the Teamsters Union, Local 299, on which you pay no interest at the present time?

(The witness conferred with his counsel.)

Mr. KENNEDY. Is that correct?

(The witness conferred with his counsel.)

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. When I interviewed you out in Detroit a year ago, you made that statement, but you also made a statement that you had no financial interests in any outside businesses other than your farm and your horses. That statement evidently was not correct, because we have found you have a financial interest in these various trucking companies.

I wonder if the statement about the \$5,000 loan is correct.

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell the committee how you were able to obtain this loan without paying any interest, this \$5,000 loan?

Mr. McMASTER. Mr. Kennedy, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did Mr. Hoffa know that you had these outside financial interests in these trucking companies?

(The witness conferred with his counsel.)

Mr. McMASTER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any further questions of this witness?

The witness, Mr. Maher, testified with respect to the articles of incorporation of Ram Transport, Inc., the Enterprise Equipment &

Leasing Co., and Reed Transportation Co. The copies of the articles of incorporation to which he testified, in the order I have named them, may be made exhibits Nos. 215A, 215B, and 215C.

(Documents referred to marked "Exhibits 215A, 215B, and 215C," for reference and may be found in the files of the select committee.)

The CHAIRMAN. Is there anything further?

All right, sir. You may be excused.

The committee will stand in recess until 2 o'clock.

(Whereupon, at 12:40 p.m., the committee recessed, to reconvene at 2 p.m., the same day.)

(Members of the select committee present at the taking of the recess were Senators McClellan and Ervin.)

#### AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Ervin.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Allen Dorfman.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DORFMAN. I do.

#### TESTIMONY OF ALLEN DORFMAN, ACCOMPANIED BY COUNSEL, STANFORD CLINTON

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. DORFMAN. Allen Dorfman, 1268 Sheridan Road, Highland Park, Ill.; insurance.

The CHAIRMAN. You are in the insurance business?

Mr. DORFMAN. Yes, sir.

The CHAIRMAN. I believe you testified before the committee previously; have you?

Mr. DORFMAN. Yes, sir.

The CHAIRMAN. All right, Mr. Kennedy, you may proceed.

I beg your pardon, Mr. Counsel—

Mr. CLINTON. My respects, Mr. Chairman. My name is Stanford Clinton, and I am an attorney at law, licensed to practice in the State of Illinois, and my office is at 134 North La Salle Street, Chicago, Ill.

Mr. Chairman, I should like to inquire, or at least present a question for your consideration, if I may.

The CHAIRMAN. All right, Mr. Counsel.

Mr. CLINTON. I would like to ask—or may I put it this way—it is my understanding, that the Northeastern Life Insurance Co. under date of October 27, 1958, presented for filing with the committee a report and analysis of the insurance coverage for the Teamsters which was underwritten or written through Mr. Dorfman's agency.

I would like to inquire if it is appropriate and proper as to whether or not the document has been received and is a part of the record or has been rejected.

The CHAIRMAN. It has not been made a part of the record, I know.

Mr. KENNEDY. The document has been received, Mr. Chairman. The president of the company has been called to testify. The document that was received has some major errors in it, and it was felt that the way to handle the matter was to have a witness from the company itself testify.

The CHAIRMAN. In other words, the document will likely be a matter of evidence before the hearings are completed and possibly there will be some interrogation with respect to the accuracy of information the document contains.

Mr. CLINTON. Thank you, Mr. Chairman.

Mr. KENNEDY. Mr. Dorfman, when did you begin your insurance business?

Mr. DORFMAN. I claim my privilege under the fifth amendment to the Constitution.

The CHAIRMAN. What privilege do you refer to, please?

Mr. DORFMAN. The fifth amendment to the Constitution.

The CHAIRMAN. Do you honestly believe that if you answered that question truthfully that a truthful answer might tend to incriminate you?

Mr. DORFMAN. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Chairman, I understood that the witness, and maybe I misunderstood, would answer questions dealing with the establishment of the insurance business, and that is why he was called as the first witness to give the information regarding the establishment of the insurance business and how Mr. Dorfman came to be the broker for the Central Conference of Teamsters Welfare and Pension Fund.

Will you tell us any information about that?

(The witness conferred with his counsel.)

Mr. CLINTON. May we hear that question, Mr. Chairman?

The CHAIRMAN. The first question?

Mr. CLINTON. The last statement of Mr. Kennedy.

Mr. KENNEDY. I had understood that the witness would answer questions regarding the establishment of his insurance business and how he came to become the broker for the insurance of the Central States Health and Welfare Fund.

Would you tell us how you came to become the broker for that insurance fund?

Mr. DORFMAN. I claim my privilege under the fifth amendment to the Constitution.

Mr. KENNEDY. This of course is another problem in the document that was submitted to the committee, because that document went into some detail as to how Mr. Dorfman became the broker for this fund, and this is an extremely important matter, and a matter that we will have some further testimony on today.

That is why I had hoped that we would get some first-hand information from Mr. Allen Dorfman also.

Would you tell us anything about how the insurance happened to be given or how you happened to become the broker for that insurance?

Mr. DORFMAN. I claim my privilege under the fifth amendment to the Constitution.



Mr. KENNEDY. Would you tell us how much money you have received out of that insurance fund?

Mr. DORFMAN. I claim my privilege under the fifth amendment to the Constitution.

Mr. KENNEDY. Mr. Chairman, in that case I would like to call as a witness the member of the staff who will place in the record the documents showing when Mr. Dorfman went into the insurance business, and how he came to receive this insurance from not only the Central States of the Teamsters but also from local 1031 of the Electrical Workers.

The CHAIRMAN. Do I understand that union funds or pension and welfare funds of union members are involved in this inquiry?

Mr. KENNEDY. That is correct, Mr. Chairman.

The CHAIRMAN. Mr. Dorfman is in the role of a businessman that has been recipient of some of those funds in a business transaction?

Mr. KENNEDY. Yes, he has been. There has been some \$96 million worth of premiums that have been paid by the Central Conference of Teamsters and the Michigan Conference of Teamsters.

The CHAIRMAN. To the Dorfman firm?

Mr. KENNEDY. To the insurance company, for which Allen Dorfman is the broker.

The CHAIRMAN. That money passed through his hands.

Mr. KENNEDY. We will show, Mr. Chairman, how much of the money passed through his hands. He was the one who handled it.

The CHAIRMAN. Mr. Dorfman, apparently you are a businessman. It is not infrequent, as you probably have observed yourself, that we get certain hoodlums and racketeers and gangsters and thugs and crooks and underworld characters, the scum of humanity in here, in connection with some labor activities, that take the fifth amendment. They can't talk about their affairs.

But it is certainly not a pleasant experience to find businessmen handling large sums of money belonging to union members, or derived from dues of union members, paid into a trust fund or a fund for their benefit, or to service the operations of their union—it is not a pleasant thing or a pleasant experience to find a businessman involved in transactions of that nature who finds himself in a situation where he cannot answer questions regarding his business relations with a union or with one of its trust funds without finding that to answer truthfully he might incriminate himself.

Do you want to leave that impression here and make that statement that you cannot answer these questions about the organization of your company and how you happened to get this account?

Do you want to leave the statement under oath here that you can't answer those questions truthfully without the risk of incriminating you? Is that what you want to do?

(The witness conferred with his counsel.)

Mr. DORFMAN. Senator, these questions might tend to incriminate me.

The CHAIRMAN. You would know better than I. If you state under oath that you honestly believe that a truthful answer to them might incriminate you, then I shall respect your judgment in the matter.

Mr. DORFMAN. They might tend to incriminate me.



The CHAIRMAN. I said that, and that is what I understand you are saying, to answer these questions truthfully your answer might tend to incriminate you; is that correct?

Mr. DORFMAN. Yes, sir.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Chairman, we will have to recall Allen Dorfman, but I would like to put the evidence in first.

The CHAIRMAN. Mr. Dorfman, you sit right behind there where you can hear the witnesses and we are going to put on the testimony for your information, and edification possibly.

Bring on the witness.

Mr. KENNEDY. First I would like to call Mr. Martin Uhlmann.

The CHAIRMAN. Mr. Uhlmann, will you come around, please.

Mr. KENNEDY. I might say before Mr. Uhlmann is called, that this has been probably the most difficult investigation that the committee has conducted. We have been working on it for a period of approximately a year and a half. The financial manipulations of Mr. Allen Dorfman and his father, Mr. Paul Dorfman, together with some of the officials of the Teamsters Union, are extremely complicated and it has taken a great deal of time to try to even make it as simple as we hope it will be during the next day and a half.

The CHAIRMAN. Will you be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. UHLMANN. I do.

#### TESTIMONY OF MARTIN S. UHLMANN

The CHAIRMAN. State your name, your place of residence, and your present employment.

Mr. UHLMANN. My name is Martin S. Uhlmann, and I live in Arlington, Va., and I am a member of the staff of the Senate select committee.

The CHAIRMAN. How long have you been a member of the staff?

Mr. UHLMANN. A year and a half.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. You have been working on this investigation during that period of time?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. Now, Mr. Uhlmann, will you first give the committee just a little background as to the kind of insurance that is handled and whose insurance we will be talking about, and the part that the Allen Dorfman plays in that insurance and what company he does the work for.

Mr. UHLMANN. Well, we have found that some 98 percent of the insurance written by the Dorfman agencies related to group welfare insurance for labor unions. Over the years, from the time he entered the business in 1949 up until a recent date, the premiums from this source have aggregated in excess of \$98 million.

Mr. KENNEDY. What are the major sources for those premiums?

Mr. UHLMANN. The major sources or the principal source has been the Central States Drivers Council Health and Welfare Fund on which the premiums alone over the years amount to \$60 million.

Mr. KENNEDY. How about the Michigan conference?

Mr. UHLMANN. On the Michigan conference, the premiums have aggregated about \$26 million.

Mr. KENNEDY. What is the next largest?

Mr. UHLMANN. The next largest is the local 1031 of the International Brotherhood of Electrical Workers, and they have aggregated a little over \$8 million.

Mr. KENNEDY. Which makes a total of approximately \$94 million?

Mr. UHLMANN. Yes, it does, or a little better than 95 percent of the total group welfare insurance written through the Dorfman agency.

Mr. KENNEDY. Total of all of the premiums that they have written insurance for has been some \$98 million; is that right?

Mr. UHLMANN. The total premiums, yes.

The CHAIRMAN. When was this company organized, or when did it come into being?

Mr. UHLMANN. In January of 1949.

The CHAIRMAN. Is this the total amount of premiums that have been paid to this company, \$98 million?

Mr. UHLMANN. It is the amount of premiums that has been paid to or through this company, but nearly all of it, so far as we could establish, has found its way ultimately into the hands of the insurance underwriter. There has always been one insurance underwriter for the Dorfman insurance enterprises.

Mr. KENNEDY. What is the name of the insurance underwriter?

Mr. UHLMANN. At the present time it is called Northeastern Life Insurance Co. of New York, and it has gone through a series of changes.

Mr. KENNEDY. Would you give the name that it had originally?

Mr. UHLMANN. Initially the name was Union Casualty Co.

Mr. KENNEDY. How long did it have that name?

Mr. UHLMANN. It had that name from 1943 to 1951.

Mr. KENNEDY. 1943 to 1951 it had the name of Union Casualty Co.?

Mr. UHLMANN. Yes, sir; a New York company.

Mr. KENNEDY. How was the name changed in 1951?

Mr. UHLMANN. In 1951, they were authorized to write life insurance business, and the name was changed to Union Casualty & Life Insurance Co. That was in December of 1951, to be precise.

Mr. KENNEDY. For how long did they keep that name?

Mr. UHLMANN. Until October of 1956 when the name was changed to Mount Vernon Life Insurance Co.

Mr. KENNEDY. How long did they keep that name?

Mr. UHLMANN. Until February of 1958 when Mount Vernon Life merged with another company called Northeastern Life and the merged company or consolidated company adopted the name of Northeastern Life Insurance Co. of New York.

Mr. KENNEDY. Which is the name it has at the present time?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. What has been the relationship between what was originally Union Casualty Co., and Allen Dorfman?

Mr. UHLMANN. Well, in 1946, Allen Dorfman's father, Paul Dorfman, who was then head of the Waste Material Handlers Union, had his insurance for that union underwritten by the Union Casualty Co. It was then managed and directed almost entirely by a Dr. Leo

Perlman. That arrangement for the underwriting insurance was made through Joe Jacobs, a prominent labor attorney in Chicago.

In 1948, some rather extensive correspondence took place between Mr. Jacobs and his law firm in Chicago with Dr. Perlman, in New York, which ultimately led to the licensing of Allen Dorfman and his getting into the insurance business for the Union Casualty Co., in Chicago.

Mr. KENNEDY. What would be their relationship, and how does that work?

Mr. UHLMANN. Well, in December of 1948, Allen Dorfman was hired by Dr. Perlman to be the general agent for the Union Casualty Co. in Chicago, which in a few words meant that all insurance written in that area for the Union Casualty would necessarily go through Allen Dorfman and from which he would derive a commission.

Mr. KENNEDY. What was that date?

Mr. UHLMANN. December 1948.

Mr. KENNEDY. On that date did Allen Dorfman have a license?

Mr. UHLMANN. No, sir, he did not. He was hired to be trained in the insurance business.

Mr. KENNEDY. How was it that he came about to be selected for that position?

Mr. UHLMANN. Mr. Jacobs, the attorney, in the light of his relationship with Paul Dorfman, suggested to Dr. Perlman that it might be desirable in view of prospective increases in insurance business, particularly group insurance business in the Midwest, it might be desirable for that company to establish a branch office in the Middle West.

Mr. KENNEDY. How do you know that?

Mr. UHLMANN. We have correspondence, considerable exchange of correspondence that seemingly started in March of 1948, and went on through the early part of 1949 when the company, the insurance agency I should say, in which Allen Dorfman was a stockholder, was formed.

Mr. KENNEDY. Does that correspondence show that Allen Dorfman was set up in the insurance business in Chicago through the efforts of Joe Jacobs, and his father, Paul Dorfman?

Mr. UHLMANN. I would say without a question it does show that.

Mr. KENNEDY. Now, Mr. Chairman, we have those letters, and I have reviewed the correspondence as well and the correspondence indicates without any question that Mr. Allen Dorfman was set up in the insurance business by the efforts of his father, Paul Dorfman, and with the help of Joe Jacobs.

The correspondence indicating that, I believe there are approximately a dozen letters; is that right?

Mr. UHLMANN. More than that.

The CHAIRMAN. How many letters do you have there?

Mr. UHLMANN. Fifteen.

The CHAIRMAN. Who is that correspondence with, or between?

Mr. UHLMANN. In the main, from Jacobs to Perlman and from Perlman to Jacobs, or Jacobs' law firm which was then known as Jacobs & Kamin.

The CHAIRMAN. You identify the 15 copies of letters?

Mr. UHLMANN. Yes, sir.



The CHAIRMAN. Are they carbon copies or photostatic copies?

Mr. UHLMANN. They are photostats, in each case.

The CHAIRMAN. The 15 photostatic copies of letters may be made exhibit No. 216, and they may be lettered A, B, C, and D, in the order of their date.

(Documents referred to were marked "Exhibits 216-A through 216-O," for reference and may be found in the files of the select committee.)

The CHAIRMAN. It is those letters now may be referred to and excerpts read from them, Mr. Counsel, if you desire to sustain a point or make a point with respect to what they contain.

Mr. KENNEDY. We have a memorandum, Mr. Chairman, that summarizes the pertinent points in each letter.

The CHAIRMAN. The witness may summarize the points in the letters.

Mr. KENNEDY. Using the language of the letter, in some cases.

Mr. UHLMANN. Well, the very earliest letter that we were able to locate in the course of this investigation was dated March 26, 1948, when Mr. Jacobs wrote to Dr. Perlman to the effect that he and Paul Dorfman planned to be in New York on April 12 of that year and that they had several important matters to discuss with him, Dr. Perlman.

On April 12, Jacobs wrote to Perlman and invited him to have breakfast with him and Mr. Paul Dorfman at the Hampshire House in New York City.

On October 2, Jacobs wrote to Perlman again and he said that he and Paul Dorfman have commenced what he described as "Operation Chicago" and that Paul Dorfman had a department store lined up for him. I presume that meant insurance for that department store.

On October 5, 1948, Perlman wrote to Jacobs and said that he would meet with Paul Dorfman and Jacobs in New York City.

On October 21, 1948, Perlman wrote to Jacobs and enclosed some benefits for what he described as "Teamsters Union Chicago." The union was not identified.

On November 17, 1948, Perlman wrote to Allen Dorfman, and this is the first letter we could locate of correspondence between Perlman and Allen Dorfman. There Perlman said that he planned to be in Chicago and asked him to arrange for an appointment with his father, Paul, because a meeting would be of "mutual advantage" to them.

Later that month the law firm of Jacobs & Kamin wrote to Dr. Perlman and said that the law firm was active on a program previously outlined in other correspondence and that they had made arrangements for filing Allen's application that day.

The CHAIRMAN. Does it identify the application; application for what?

Mr. UHLMANN. Application for a license in the State of Illinois, an insurance license.

In the same letter, I might say, it was stated that Union Casualty was asked to file an application in Allen Dorfman's behalf since it was a requirement of law by the State of Illinois.

On November 30, the following day, Perlman wrote to the law firm of Jacobs & Kamin, telling them that the request for the license had gone forward to Springfield, Ill., that day.



On December 13, 1948, Perlman again wrote to the law firm confirming that his company would sign a general agency agreement with Allen Dorfman's company, by which he would be appointed as the exclusive general agent for Union Casualty in Chicago.

On December 30, 1948, Perlman wrote to Allen Dorfman and confirmed the fact that he had appointed him to head the general agency in Chicago, effective January 3, 1949, at a salary of \$100 a week.

On February 23, 1949, Dr. Perlman wrote to Allen Dorfman stating that he wanted to meet with Allen in Detroit to conclude some business on a Teamsters group which was not identified by name.

On March 10, 1949, the Union Casualty Co. sent a letter to Mr. Allen Dorfman in which they enclosed his temporary license.

That, sir, is the end of the correspondence.

Mr. KENNEDY. Now, this is of extreme importance for a number of reasons, one of which is the fact that Paul Dorfman and Allen Dorfman have always maintained in the past that Paul Dorfman had nothing to do with Allen Dorfman being set up in the insurance business; is that not correct?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. And this would show clearly, or the correspondence would show clearly, that Allen Dorfman received his start initially through the efforts of his father, Paul Dorfman, and with the help and assistance of Joe Jacobs; is that right?

Mr. UHLMANN. The correspondence I read clearly points to that.

Mr. KENNEDY. Mr. Uhlmann, what was the next situation that evolved from this?

Mr. UHLMANN. On April 29, 1949, Mr. Dorfman received his permanent license as an insurance agent in the State of Illinois.

Mr. KENNEDY. When did he receive his first insurance?

Mr. UHLMANN. Just 2 days later, on May 1 of that year.

Mr. KENNEDY. That was the insurance for local 1031?

Mr. UHLMANN. That is right.

Mr. KENNEDY. What did he receive as far as commissions on that insurance?

Mr. UHLMANN. Over the years, he has received a total of \$700,000, approximately.

Mr. KENNEDY. He has received \$700,000 for the handling of that insurance?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. For local 1031?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. What percentage commissions did he receive initially when he received that?

Mr. UHLMANN. Initially, for approximately the first 3 years of that insurance, he received 10 percent commission from the Union Casualty Co., the underwriter, and an additional 5 percent from the United Public Service Corp. which was affiliated with the Union Casualty Co., making an aggregate of 15 percent.

Mr. KENNEDY. Is that extremely high?

Mr. UHLMANN. That is regarded as quite excessive.

Mr. KENNEDY. Excessive?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. Do you have also some correspondence showing how this insurance for local 1031 was awarded to Allen Dorfman?

Mr. UHLMANN. Yes, sir. As a matter of fact, Mr. Darling who was head of the union then, and he still is, was questioned about it by another committee some few years ago. During the hearing he was questioned, I should say, about the events that lead up to awarding this insurance. He said that he had discussed the matter with Mr. Jacobs, who was attorney for local 1031, and he was the Joe Jacobs that I referred to earlier, and he had also discussed it with Mr. Paul Dorfman and he thought that Allen Dorfman was present at the time, and Dr. Perlman, of course, as the vice president of the underwriter, was there too.

Mr. KENNEDY. Would you put the correspondence in the record. We have some correspondence indicating how this insurance was awarded through Allen Dorfman, and we would also like to have it placed in the record for reference.

The CHAIRMAN. What do you have, Mr. Witness, with respect to correspondence on this point?

Mr. UHLMANN. Well, on April 27, 1949—

The CHAIRMAN. Do you have a number of letters?

Mr. UHLMANN. Yes, sir, I do.

The CHAIRMAN. How many?

Mr. UHLMANN. Eight letters.

The CHAIRMAN. Between whom?

Mr. UHLMANN. There are several people, sir, officials of the insurance company and Allen Dorfman primarily, almost entirely as a matter of fact.

The CHAIRMAN. Those eight letters may be made exhibit 217, and they may be further identified in the order of their dates, A, B, C, and so forth.

(Documents referred to were marked "Exhibits 217A through 217H," for reference and may be found in the files of the Select Committee.)

The CHAIRMAN. Now, you may testify as to excerpts from them if you desire.

Mr. UHLMANN. On April 27, 1949, Dr. Perlman wrote to Frank Darling confirming that he would insure the members of local 1031 effective May 1, 1949.

On August 24, 1949, Perlman sent his first check for commissions to Allen Dorfman in the amount of \$1,000 in connection with this insurance.

On September 30, 1949, Dr. Perlman wrote to one of his officers who was then out of the city, suggesting that he contact Paul Dorfman who was then in St. Paul, Minn., and in so writing he described it this way:

Paul Dorfman proved to be very influential in the AFL and many trades. He was also instrumental in the materialization of the Electrical Workers Brotherhood plan.

On November 9, 1949, Dr. Perlman entered into an agreement with Allen Dorfman in relation to the local 1031 insurance and as part of this agreement he enclosed a check for \$700 which he said would cover his office rent since Allen Dorfman had not yet apparently at that time had an office of his own.

Dr. Perlman was sending him this \$700 in order that he could get started by way of paying his rent, and advancing it, and also for office equipment, as Perlman described it.

On April 3, 1950, Allen Dorfman wrote to William Smith, one of the officers of the Union Casualty Co., pointing out that he had talked with Mr. Darling about getting some life insurance for a group of members, and that the life insurance at the time was carried with another company. He mentioned that Mr. Darling would like to turn that business over to him, that is, Mr. Dorfman, as—well, to quote it, he says: "As a favor to me."

He then suggested that the company try to bid on it with a view to having the business transferred to them.

On November 28, 1949, we find a letter written by the company at Mount Vernon. This person that wrote the letter was assistant, then, to Dr. Perlman, and he advises the United States Life Insurance Co., which then was underwriting the life portion of this insurance, to address all communications to their representative who was handling claims, and that all such communications be sent to the office of the local, that is, Mr. Darling's office.

So apparently the insurance company itself, from this correspondence, did not have its own office in the city of Chicago, since it was using the facilities of local 1031 for the purpose of handling and paying claims.

Mr. KENNEDY. It would indicate even at the time that this insurance was granted that neither Mr. Allen Dorfman had an office nor the insurance company had an office in Chicago?

Mr. UHLMANN. Yes, sir; that is correct.

I have a letter here dated October 9, 1949, written by the United States Life Insurance Co. to Mr. Engstrom, who was the claims supervisor for the Union Casualty Co. in Chicago, primarily at the time handling local 1031 claims.

This letter was addressed to him at the International Brotherhood of Electrical Workers, Local 1031, in the city of Chicago.

That, sir, completes the correspondence.

Mr. KENNEDY. That was the first piece of insurance that they received. What occurred after that, Mr. Uhlmann?

Mr. UHLMANN. Well, beginning with December of 1949, the first Teamster group came into the Dorfman company, and that was local 743, in Chicago. It is still carried by the Dorfman.

Mr. KENNEDY. Who is the chief official of the Teamsters Union in local 743?

Mr. UHLMANN. Don Peters is head of that local.

Mr. KENNEDY. Did they also receive the Central Conference of Teamsters?

Mr. UHLMANN. Yes. That followed in 1950.

Mr. KENNEDY. What was the situation regarding that?

Mr. UHLMANN. Well, that was rather complex in several respects.

Mr. KENNEDY. We have gone into this to some extent in the hearing we held last year; is that right?

Mr. UHLMANN. Yes.

Mr. KENNEDY. And into some of the correspondence?

Mr. UHLMANN. Yes, we have.

Mr. KENNEDY. We can summarize the correspondence we have already put into the record and supplement that by whatever other information we have.

This is of extreme importance, Mr. Chairman, because of the amount of money that ultimately came out of it and went into the



hands of Mr. Allen Dorfman. We will put those figures into the record after Mr. Uhlmann finishes his summary of the situation.

Mr. UHLMANN. The Central States, Southeast and Southwest Areas Health and Welfare Fund, very likely is one of the very largest group welfare and insurance plans in the United States today. It may well have been at the time that the insurance was awarded, in March of 1950.

We find this——

Mr. KENNEDY. What point do you make in summary?

Mr. UHLMANN. Well, in summary, I should like to say this: That I have some 75 documents that have a bearing on the award of this insurance that have been assembled from various sources.

Mr. KENNEDY. What do those documents show?

Mr. UHLMANN. They show that the insurance was not awarded on a real competitive basis.

Mr. KENNEDY. Who do they show was responsible for the awarding of the insurance?

Mr. UHLMANN. They show that Mr. Hoffa, who was one of the two members of the negotiating committee for Central States at the time, and Dr. Perlman, referred to earlier, and possibly Paul Dorfman were instrumental in having this insurance awarded to the Union Casualty Co., as you pointed out a moment ago, on which the Dorfmans have received commissions over the years.

Mr. KENNEDY. The individual that made the decision for the Central Conference of Teamsters was whom?

Mr. UHLMANN. The decision, on paper at least, was made by both Mr. Hoffa and Mr. Healy jointly, as chairmen of this negotiating committee.

Mr. KENNEDY. What does the correspondence show, the letters and the documents that you have, as to who was responsible for granting the insurance?

Mr. UHLMANN. I beg your pardon. The granting of the insurance was made by a majority vote of the committee of the health and welfare fund.

Mr. KENNEDY. And what does it show as far as the one who was instrumental in causing this award to be made?

Mr. UHLMANN. Mr. Hoffa.

Mr. KENNEDY. And the correspondence and the documents show that?

Mr. UHLMANN. Yes.

Mr. KENNEDY. And the correspondence and the documents show that the award was not made to the low bidder; is that right?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. And that there was collusion between Mr. Hoffa and Paul Dorfman in favor of Mr. Allen Dorfman?

Mr. UHLMANN. Yes. And Dr. Perlman.

Mr. KENNEDY. There was collusion among Mr. Hoffa, Mr. Paul Dorfman, and Dr. Perlman, in favor of Allen Dorfman and Dr. Perlman; is that correct?

Mr. UHLMANN. Yes.

Mr. KENNEDY. Was Paul Dorfman's wife involved in this also?

Mr. UHLMANN. Yes.

Mr. KENNEDY. She received a certain percentage of the commissions that came out of this Central Conference of Teamsters?



Mr. UHLMANN. Yes. At the time this insurance was placed, in March 1950, the Dorfman had been operating under a corporate form of organization. Later that year they changed their capital structure in a manner so as to set up a partnership.

In the early stages, Allen Dorfman held a one-fourth interest in the partnership profits, and his mother had three-fourths. Then a year or so later that was changed to a 50-50 arrangement, which is still in effect today.

Mr. KENNEDY. Who were the trustees of the fund at the time; that is, at the time the insurance was awarded?

Mr. UHLMANN. At that time there was no trustees as such, but they were members of employer and employee committees. But those who were instrumental in placing the insurance were Mr. James R. Hoffa and Mr. Michael J. Healy; they were the negotiating committee.

The CHAIRMAN. They later had six trustees; is that right?

Mr. UHLMANN. Three of each.

The CHAIRMAN. Name them; labor first.

Mr. UHLMANN. Mr. Hoffa, Mr. Healy, and Mr. Gale Murrin; and on the employer side there was Mr. Earl N. Cannon, Mr. A. O. Buck, and Mr. Cabell Cornish.

The CHAIRMAN. So there were six that participated in or who had the authority and duty to participate in and handle this award of insurance?

Mr. UHLMANN. Yes.

The CHAIRMAN. All right.

Mr. UHLMANN. I should qualify this. There was an employer and employee committee to which copies of bids were to be sent. The employers' group had a committee of some 20-odd people. If there were any labor people on its side, I don't have a list of them. I have only the group that comprised the employer committee and there was some 22 of those men.

The CHAIRMAN. Well, the trustees have equal representation, don't they, as between employer and employee?

Mr. UHLMANN. I believe that was the case. I am trying to make the distinction between trustees and the so-called committees.

The CHAIRMAN. Who actually made the award of the insurance, the trustees or the committee?

Mr. UHLMANN. The Negotiating Committee; that is, Mr. Hoffa and Mr. Healy.

The CHAIRMAN. They made the award?

Mr. UHLMANN. Yes.

The CHAIRMAN. And not the trustees?

Mr. UHLMANN. Not the trustees. However, the trustees were part of the committee. They were just a part of the larger committee.

The CHAIRMAN. Well, a man may be a stockholder, of course, and also a member of the board. But those representing the stockholders in this instance, so to speak, made the award?

Mr. UHLMANN. That states it well.

The CHAIRMAN. They had the final authority to make it. Who actually made it, controlled it and directed it, may be another thing.

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Can you summarize what all this correspondence and memoranda says?

Mr. UHLMANN. Yes, sir. There were three separate occasions on which bid invitations were sent out with respect to this insurance before it was awarded. The first bid invitation was dated January 10, 1950, and was sent to some 40 companies.

Union Casualty Co. was not included in that list, in the first go-around.

The CHAIRMAN. That is the company that Dorfman represented?

Mr. UHLMANN. Yes, sir; and that is the company that ultimately got the insurance.

The CHAIRMAN. It wasn't included in the first list?

Mr. UHLMANN. It was not included.

The CHAIRMAN. All right.

Mr. UHLMANN. In the second list, the second bid invitation was dated February 4, 1950, and this company was included in the list for the first time.

I didn't mention that the bids in response to the first invitation were thrown out on the ground that there was considerable confusion. Beyond, that, there was no explanation made. Two days before the second bid invitation went forward, and that was dated February 4, Allen Dorfman wrote a letter which was introduced in the record last September on page 4581 of the transcript, in which he told Dr. Perlman that, "Our efforts to land the Central States business will be successful."

That was before the second round invitation went out.

The CHAIRMAN. That was 2 days before the 4th of February 1950?

Mr. UHLMANN. Yes, sir.

In response to the second round, there were some 13 companies involved, and again it was stated that because of some confusion and because of the fact that some of the bids were too high in relation to what the welfare fund was able to pay for this coverage, that still another round, or bid invitation, would have to be sent out.

On the third occasion, the number of companies invited to bid was reduced to eight on the ground that they were the eight lowest selected out of the 13 that had bid on the second go-around.

Mr. KENNEDY. Go ahead.

Mr. UHLMANN. In both the second and third bid invitations, there were some specifications which are of real interest in that it was indicated the average age of the union members was 43. The bid invitation also pointed out that there was to be no change or variation made after the bids themselves went forward. However, in the case of Union Casualty, when they submitted their final bid, they did not correspond to the specifications in the bid invitation with respect to the life portion of the insurance in that their bid coverage age 39, whereas, their competitors submitted bids on age 43.

The CHAIRMAN. That last round of bids went out on March 7, I believe; is that correct?

Mr. UHLMANN. Yes.

Mr. KENNEDY. Does the correspondence indicate that Allen Dorfman had discussed this matter with Jimmy Hoffa about putting in a bid based upon the age of 39 rather than the age of 43?

Mr. UHLMANN. Yes. Allen Dorfman wrote to Perlman on March 8, 1950, the day after the last bid invitation, was sent out, and that letter was introduced in the previous testimony.

It said in part that Mr. Hoffa said it would be all right to quote the lower rate on the life insurance portion.

Mr. KENNEDY. He also stated, as I remember it, that, however, if it was found that the rate turned out to be 43 years instead of 39, that the insurance company would have to bear the loss; is that correct?

Mr. UHLMANN. That is correct.

Mr. KENNEDY. What is the next item? Let's move along and just summarize these documents.

Mr. UHLMANN. We found some evidence that some of the bid information from competing companies was in the files of the Union Casualty Co.

Mr. KENNEDY. Did we find in going through the files of the Union Casualty Co. the bids that were put in by the opposition companies, is that right, by the competitors?

Mr. UHLMANN. Yes, that is right. As a matter of fact, we had occasion to correspond with the other companies to establish whether or not they, too, had received any bid information, and we were told in each case that they did not.

Mr. KENNEDY. Go ahead.

Mr. UHLMANN. On one particular occasion, Dr. Perlman, under date of March 2, 1950, wrote to the U.S. Life Insurance Co. and enclosed a bid from the Pacific Mutual Life Insurance Co., which was the lowest bidder, and he inquired of them as to how Pacific Mutual was able to bid so low on the life portion, and he wanted them to explain in some way that they possibly might as to how they were able to do it.

As a matter of fact, Dr. Perlman used the term "amazing." It is very evident that he had this bid information in his possession before the awards were made.

Senator ERVIN. Isn't the Pacific Mutual Insurance Co. one of the large, strong insurance companies of the United States?

Mr. UHLMANN. Yes, sir, they were the low bidder.

Mr. KENNEDY. They were the low bidder. But they were thrown out; is that correct?

Mr. UHLMANN. Yes. At the last hearing, on September 18, 1958, Mr. Walker, who is vice president of Pacific Mutual, and who personally participated in this bidding at the time, presented an affidavit to this committee in which he stated, in transmitting his bid which, incidentally, required that it be sealed; that he had discussed the matter with Mr. Hoffa, and Mr. Hoffa had pointed out that since the company at one time was in some financial difficulty, roughly 15 years before the bid was being considered, that for that reason they were thrown out.

As indicated by his letter, he only had a minute or two to discuss the matter, and he was dismissed.

Mr. KENNEDY. What did he say in the matter?

Mr. UHLMANN. Well, he asked Mr. Hoffa whether he regarded himself as both judge and jury with respect to that situation, and the response was "Yes." He then dismissed him, and the Pacific Mutual bid was thrown out, even though it was the lowest, as I stated earlier.

Mr. KENNEDY. At that time, the Pacific Mutual was in far better financial status than the Union Casualty Co.?



Mr. UHLMANN. Yes. Far superior. There is no real comparison between them.

Mr. KENNEDY. The difficulties that they had had financially were difficulties that they had had prior to the time the Union Casualty Co. was even formed; is that right?

Mr. UHLMANN. That is right. The difficulties dated back to 1936 and the Union Casualty Co. was formed in 1942; or 1943, I should say.

Mr. KENNEDY. And the representative of the company said that he had only a minute in which to discuss the bid and then he was told by Mr. Hoffa that he was dismissed; is that right?

Mr. UHLMANN. Yes.

Mr. KENNEDY. And he asked Mr. Hoffa if he was both judge and jury and Mr. Hoffa claimed that he was?

Mr. UHLMANN. That is correct.

Mr. KENNEDY. And the award was then given to the Union Casualty Co.?

Mr. UHLMANN. Yes, that very day. That was March 15, 1950.

Senator ERVIN. In other words, they went through the form of soliciting bids from a number of insurance companies, and then, apparently, those who were charged with receiving bids, they turned over the bids or information about the bids of all the other companies to the Union Casualty Co.

Then, on the final roundup, with a strong insurance company like the Pacific Mutual bidding the lowest, they throw out its bid on the ground that during the depression, when a large part of the population of the United States were having to beg a nickel to get a cup of coffee, that during the depression that they had had some financial difficulties.

They throw out the low bid so that they could award and did award the contract to the Union Casualty Co., which was a far weaker company than the Pacific Mutual.

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. Do you have the financial status of the Pacific Mutual?

Mr. UHLMANN. Yes. The latest available information preceding the date on which this award was made was for the year 1949, quite naturally, and at that time the Pacific Mutual Co. had admitted assets, as the term is used in the insurance business, of \$376 million. Union Casualty had \$768,000.

The surplus of Pacific Mutual was \$12,400,000, as contrasted with \$105,000 of Union Casualty.

Mr. KENNEDY. And Mr. Hoffa threw out the Pacific Mutual because they were not financially sound, although they were worth \$376 million and Union Casualty was worth \$768,000, approximately?

Mr. UHLMANN. That is right. Then in the year 1949, the surplus increase with respect to Pacific Mutual was approximately \$1 million as contrasted with a \$35,000 decrease in the case of Union Casualty.

Aside from the financial, the major financial disparities of the two companies, the fact remains that Pacific Mutual, insofar as its ratings are concerned by Best's, which is a recognized authority, was certainly the more experienced company in this field of welfare insurance at that time.



Mr. KENNEDY. Was there testimony by some of the members of the committee, the trustees, before the Hoffman committee, regarding the commissions that were to be paid on this insurance?

Mr. UHLMANN. Yes, there was. I have it here before me. Before that committee some few years back, Mr. Buck was questioned about commissions with reference to this particular insurance, and he said this:

My recollection is that the question was put to Dr. Perlman whether or not any commissions were involved, and as I recall his answer was that no commissions were involved. The insurance company was dealing directly with the trustees.

Mr. KENNEDY. Was there another trustee who answered the same question?

Mr. UHLMANN. Yes, Mr. Earl Cannon. He had this to say:

He said it was his impression that Dr. Perlman told the trustees that he had no agency, and that there would be no agency costs, and that the trustees would be dealing directly with the insurance company. Mr. Cannon also had this to say:

I voted against the selection of the company at a meeting of the employers.

Mr. KENNEDY. At that time they received the award from the Central Conference of Teamsters.

We will go, in a moment, Mr. Chairman, into the fact that they did receive a brokerage fee, they did receive commissions.

I would like to have you finish up with the awarding of the insurance and tell us what happened with the Michigan Conference of Teamsters.

Have you finished with the Central Conference award?

Mr. UHLMANN. Well, yes; I have.

Mr. KENNEDY. Now, the Michigan Conference of Teamsters had had a different insurance company; is that right?

Mr. UHLMANN. Yes. The Michigan Conference of Teamsters welfare fund was set up in January of 1949, and their first insurance, that is, group welfare insurance, was underwritten by the Continental Assurance Co. in June of 1949.

The CHAIRMAN. Mr. Witness, you testified regarding a number of documents you had to substantiate your testimony with reference to the Central Conference, I believe; is that correct?

Mr. UHLMANN. Yes. The Central States Conference. It is the Central States Southeast and Southwest Areas Health and Welfare Fund.

The CHAIRMAN. You have concluded your testimony with respect to that as of the moment?

Mr. UHLMANN. Yes, I believe I have.

The CHAIRMAN. You referred to a number of documents?

Mr. UHLMANN. Yes.

The CHAIRMAN. Have you now delivered those to the clerk, the documents that you referred to?

Mr. UHLMANN. Yes.

The CHAIRMAN. What are they marked?

Mr. UHLMANN. They are marked the documents identified with the Central States award.

The CHAIRMAN. Those documents may be made exhibit No. 218 in bulk.

(The documents referred to were marked "Exhibit No. 218" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Now you may proceed with the other.

Mr. UHLMANN. The Michigan Conference—

Mr. KENNEDY. Just a moment. That was called Central States at that time?

Mr. UHLMANN. Yes.

Mr. KENNEDY. What is it called now?

Mr. UHLMANN. Central States, Southeast and Southwest Areas Health and Welfare Fund.

The CHAIRMAN. In other words, the name has been changed?

Mr. UHLMANN. Well, there has been a slight change in that. An additional area was added after it was initially set up. It was initially the Central States Drivers Council Health and Welfare Fund, and then they added the Southeast and Southwest areas, as I recall.

The CHAIRMAN. All right.

Mr. UHLMANN. Shall I proceed with the Michigan Conference of Teamsters?

The CHAIRMAN. Proceed with the Michigan conference; yes.

Mr. UHLMANN. The Michigan Conference of Teamsters Health and Welfare Fund was established on January 25, 1949, in the city of Detroit.

The following day Mr. Hoffa wrote a letter to Dr. Perlman, on January 26, 1949, in which he inquired of him as to what benefits could be offered for a particular premium, which he stipulated in his letter.

On February 2, 1949, Perlman responded to that letter of Mr. Hoffa. In March of 1949, a trust agreement, setting up the Michigan Conference of Teamsters Welfare Fund was drawn up and adopted, at which time Frank Fitzsimmons was appointed as the labor trustee. He is an employee of local 299 in Detroit. And Mr. J. Howard Minnich was trustee for the employers. There were only two trustees on that fund.

On January 30, 1951, the administrator for the Michigan Conference Welfare Fund addressed a communication to Mr. Allen Dorfman in which he pointed out the various policies that they had with the Continental Assurance Co., which had been in effect since June 1949, and also indicated the amount of premium that was being paid with reference to each of those policies.

Another communication was addressed by the administrator of that fund to Dr. Perlman covering the same subject. On March 2, 1951, the actuary for the United States Life Insurance Co.—I bring this company into the picture only because at the time that this insurance was being negotiated, Union Casualty was not licensed to write life insurance and, consequently, its insurance coverage was confined to underwriting accident and health coverage only.

For that reason, a life insurance company, of course, had to be selected to cover that feature of the insurance, and Perlman worked out an arrangement with the United States Life Insurance Co.

Now, on March 2, 1951, the actuary for this company addressed a letter to the president of that company in which he stated that Dr. Perlman told him that it was his plan, that is, Perlman's plan, to establish a branch office of the Michigan Conference of Teamsters Welfare Fund in Chicago, and that in that way they would be able to write the insurance in the State of Illinois.

I should mention at this point that under the trust agreement, the trustees were obligated to develop and establish a plan of insurance, and that their headquarters were in the State of Michigan, and specifically in the city of Detroit.

To justify the position that they had taken in relation to having this insurance written in Illinois, Dr. Perlman, of course, said also that the premiums would be collected in Illinois, and that there would be no solicitation for this life insurance business in the State of Michigan, inasmuch as Dr. Perlman or United States Life Insurance Co. itself, incidentally, were not licensed to either solicit or write life insurance business in the State of Michigan at the time.

For that reason, since they were licensed to do so in Illinois, the plan was to have it done in that State, if possible. That contract for the insurance was signed on March 8, 1951, effective with the policy year beginning April 1, 1951.

Mr. KENNEDY. What happened was that the Michigan Conference of Teamsters had given the award to another insurance company, Continental Assurance?

Mr. UHLMANN. Yes.

Mr. KENNEDY. And they had communicated with the Michigan Conference of Teamsters just prior to March of 1951 and stated to them that they could give more benefits and lower the premium rate; is that right?

Mr. UHLMANN. Yes.

Mr. KENNEDY. During this period of time there were maneuverings going on, correspondence and letters back and forth, indicating that the Dorfman group was expecting to get this insurance of the Michigan Conference of Teamsters; is that right?

Mr. UHLMANN. That is correct.

Mr. KENNEDY. And there was a problem because the insurance company was not established to do business in Michigan, so they were going to try to arrange it so that they could work out of Illinois; is that correct?

Mr. UHLMANN. Yes.

Mr. KENNEDY. And these maneuverings were going on all the time the other insurance company had the contract?

Mr. UHLMANN. That is correct.

Mr. KENNEDY. Then the award was given to the Dorfman group on March 8, 1951; is that right?

Mr. UHLMANN. That is right.

Mr. KENNEDY. Mr. Hoffa took it away from the Continental Assurance Co. and gave it to the Dorfman group?

Mr. UHLMANN. Yes.

Mr. KENNEDY. That is on March 8, 1951. When did the Dorfman group submit their bid on the insurance?

Mr. UHLMANN. Well, specifically, Dr. Perlman submitted a bid to the Michigan Conference of Teamsters Welfare Fund the following day, March 9, 1951.

Mr. KENNEDY. So they received the award on March 8, 1951, and didn't submit their bid until March 9, 1951?

Mr. UHLMANN. Yes, sir.

Senator ERVIN. You know it is a fact that virtually every State in the Union has certain standards by which it has devised to regulate the doing of insurance business within the State, and that those



standards are devised by the State to try to protect its citizens, to make it certain that they place insurance in the companies which are able to perform the contract, don't you?

Mr. UHLMANN. Yes, sir.

Senator ERVIN. And this company that was awarded this contract had been unable, or at least had not obtained authority to do business in the State of Michigan?

Mr. UHLMANN. Yes, sir.

Senator ERVIN. So in order that this company, which had been unable to obtain authority to do business in the State of Michigan, might have this contract, they even moved the place for the making of the contract from the headquarters of the Teamsters in the State of Michigan to an office in Chicago, or proposed to do so?

Mr. UHLMANN. I would say proposed to do so, since we found no evidence that the Michigan Conference of Teamsters Welfare Fund had, in fact, ever established an office in the State of Illinois, and in the light of the trust agreement there is a very grave question as to whether there was any authority for that welfare fund to have a branch office anywhere outside of the State of Michigan.

Senator ERVIN. Certainly the State of Michigan would be willing for any insurance company to do business in the State of Michigan if it were able to come up to Michigan requirements.

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. Did they ever meet the requirements?

Mr. UHLMANN. Yes. The United States Life Insurance Co.—

Mr. KENNEDY. Did they meet the requirement at the time of the award?

Mr. UHLMANN. Well, let me put it this way: For some reason or another, and the reason is not known to me, they were not licensed to write life insurance in Michigan until 1952.

Mr. KENNEDY. They received the award in March of 1951?

Mr. UHLMANN. That is right, at a time when they were not licensed in Michigan.

Mr. KENNEDY. There had been some dissatisfaction, had there not, with the way that Dr. Perlman's group, the Dorfman's group, was handling insurance for the Central Conference of Teamsters; is that right?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. One of the points that was raised was the high retention rate. In fact, Mr. Hoffa raised that question himself, did he not?

Mr. UHLMANN. Yes, sir; he did.

Mr. KENNEDY. Nevertheless, despite that fact the contract was signed for the Michigan Conference of Teamsters applying the same terms as had been applied to the Central Conference of Teamsters?

Mr. UHLMANN. That is right.

Mr. KENNEDY. Now, I would like to place in the record the other insurance that the Dorfman group has received, a list of Dorfman Teamsters groups.

The CHAIRMAN. Have you placed in the record or made exhibits any documents you have supporting your testimony with reference to the Michigan conference?

Mr. UHLMANN. Well, I would like to add this: As I stated earlier, one of the features for justifying the writing of the insurance con-



tract in Illinois was that the insurance premiums on the life insurance would be mailed directly or paid from Chicago. We have copies of letters indicating that the premiums were sent directly from Detroit to the insurance company in New York.

The CHAIRMAN. What I would like to do is for you to assemble there in bulk all of the documents you have now supporting the testimony that you have given regarding the Michigan conference, and let those be made exhibit 219 A, B, and so forth, in the order of their dates.

(Documents were marked "Exhibits 219A, et seq.", for reference and may be found in the files of the select committee.)

The CHAIRMAN. Now then, you may proceed.

Mr. KENNEDY. Mr. Chairman, those are the chief insurance coverages that we are going to discuss, but the Teamsters have given the Dorfman Insurance Agency other local unions, and I would like to have them placed in the record, and they include various unions that go through the Dorfman's.

The CHAIRMAN. Do you have a list in the course of your investigation, or have you discovered other locals of the Teamsters Union whose insurance goes through the Dorfman agency?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. Do you have a list of them?

Mr. UHLMANN. I do.

The CHAIRMAN. Have you checked that list for accuracy?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. All right, that list may be printed in the record at this point. You may supply it and it will be printed in the record rather than made an exhibit.

(The document referred to follows:)

*List of Dorfman's Teamster groups*

Northeastern Life Insurance Co. of New York	Republic National Life Insurance Co.
Local 743	Local 781
Local 580	Local 86
Local 405	Local 21
Local 713	Local 726
Local 447	Local 608
Local 610	Local 659
Local 688	Local 335
Local 876	Joint Council 37 <sup>1</sup>
Michigan Conference	Local 90
Central States	Local 206
Contract Steel Carriers	Group Participation
	Trustees, Inc. (Riggers & Machinery Movers, Local 575)
J. L. Keeshin Transport	Joint Council 82
	Local 95
Total, 12	Total, 13

Mr. KENNEDY. There are three important matters in this, Mr. Chairman. One is to determine what the Dorfman's got out of this in the way of compensation, and then of course, how that cost the Teamster Union members' money, and cost the Teamsters Union members' benefits. Then the third matter that we will be going into subsequently is what was the quid pro quo, as far as Mr. Jimmy Hoffa was concerned, for the awarding of the contract. We have attempted to

<sup>1</sup> Officeworkers employed by 15 locals: 809, 57, 58, 162, 206, 223, 321, 305, 501, 569, 656, 689, 883, 900, 911.

develop that there was collusion about the awarding of the contract in the Central Conference of the Teamsters and the Michigan Conference of Teamsters, and those who were in charge understood that there were not going to be any commissions paid or charges paid in connection with these contracts.

I would like to ask Mr. Uhlmann to testify as to how much money has been paid to the Dorfman's in the form of commissions and service fees, and then I would like to call a witness, Mr. Chairman, from the New York State Insurance Department and have him testify as to what these figures mean and what an ordinary broker would have received under a similar circumstance.

The CHAIRMAN. What have you there now before you, and what are you going to testify to? These are the total amount of receipts or remunerations or commissions or whatever it is that has gone to the Dorfman's from this insurance.

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. Do you have a chart of it, or have you made out a statement of it?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. That statement may be printed in the record at this point as a part of the record, and now you may testify about it.

(The chart referred to follows:)

*Central States, Michigan Conference, and Local 1031 commissions and service fees paid to Dec. 31, 1958*

Policy year <sup>1</sup>	Central States		Michigan Conference		Local 1031	
	Commissions	Fees	Commissions	Fees	Commissions	Fees
1949-50.....					\$32,727.70	-----
1950-51.....	\$44,975.79	\$7,328.08			121,672.42	-----
1951-52.....	82,627.28	29,611.44	\$39,762.83	\$14,090.13	107,505.56	-----
1952-53.....	145,959.17	16,218.55	78,236.75	10,681.11	113,801.14	\$3,040.34
1953-54.....	200,700.75	73,029.06	106,598.88	11,687.52	115,895.34	6,816.17
1954-55.....	71,401.57	137,735.83	37,347.98	75,565.74	25,377.74	17,668.11
1955-56.....	92,554.73	188,875.88	41,430.11	88,884.33	22,790.26	15,787.53
1956-57.....	111,377.52	255,752.26	49,408.94	108,033.46	24,205.95	16,818.03
1957-58.....	131,235.67	300,263.02	48,091.91	105,611.79	25,164.30	21,504.13
1958-59 (to Dec. 31, 1958).....	91,827.67	101,918.81	40,743.92	78,541.60	8,460.62	10,488.96
Total.....	972,660.15	1,110,732.93	441,621.32	493,095.68	597,601.03	92,112.97

COMBINED COMMISSIONS AND SERVICE FEES TO DEC. 31, 1958

Policy year <sup>1</sup>	Central States	Michigan Conference	Local 1031	Total
1949-50.....			\$32,727.70	\$32,727.70
1950-51.....	\$52,303.87		121,672.42	173,976.29
1951-52.....	112,238.72	\$53,852.96	107,505.56	273,597.24
1952-53.....	162,177.72	88,917.86	116,831.48	367,927.06
1953-54.....	273,729.81	118,286.40	122,711.51	514,727.72
1954-55.....	269,137.40	112,913.72	43,045.85	365,096.97
1955-56.....	281,430.61	130,314.44	38,577.79	450,322.84
1956-57.....	367,129.78	157,442.40	41,023.98	565,596.16
1957-58.....	431,498.69	153,703.70	46,668.43	631,870.82
1958-59 (to Dec. 31, 1958).....	193,746.48	119,285.52	18,919.28	331,951.28
Total.....	2,083,393.08	934,717.00	689,714.00	3,707,824.08

<sup>1</sup> Policy year on Central States and Michigan Conference runs Apr. 1 to Mar. 31; on Local 1031, May 1 to Apr. 30.

Mr. UHLMANN. The total commissioners and service fees paid to the Dorfman from 1949 to a recent date, total a little over \$4 million.

Mr. KENNEDY. What is the recent date?

Mr. UHLMANN. The end of December 1958. Of that sum of money, \$3,700,000 was paid in the form of commissions and service fees in relation to three policies alone, and those three policies are the Central States and the Michigan conference, and local 1031 concerning which I have testified as to the award of those particular insurance policies.

The CHAIRMAN. State that figure again, as against the grand total of all of them.

Mr. UHLMANN. The grand total of all was a little over \$4 million.

The CHAIRMAN. Can you get it somewhat exact?

Mr. UHLMANN. It is \$4,041,000.

The CHAIRMAN. All right, and what is the amount from these three contracts?

Mr. UHLMANN. In the aggregate, you mean?

The CHAIRMAN. Yes.

Mr. UHLMANN. \$3,707,824.

The CHAIRMAN. Have you calculated the percentage of the total that these three provided?

Mr. UHLMANN. In relation to the whole, you mean?

The CHAIRMAN. Yes.

Mr. UHLMANN. It is about 92 percent.

The CHAIRMAN. Approximately 92 percent. That is a mathematical calculation, but it is approximately 92 percent. Does that represent their total business or just business from unions?

Mr. UHLMANN. This represents only business from group welfare insurance of labor unions.

The CHAIRMAN. That is the \$4,041,000, that total, that came from that source?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. And \$3,707,824, or approximately 92 percent came from the three contracts of the Central States, the Michigan conference, and local 1031?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. Now we will have to break it down for each group; first the Central States.

Mr. UHLMANN. As for Central States, which of course is the largest by far, the commissions are \$972,660. The service fees were \$1,110,733.

Mr. KENNEDY. What is the total for that?

Mr. UHLMANN. \$2,083,393.

Mr. KENNEDY. What about Michigan conference?

Mr. UHLMANN. The Michigan conference commissions, \$441,621. The service fees are \$493,096. That makes a total of \$934,717.

On local 1031, the commissions were \$597,601. The service fees were \$92,113. The total was \$689,714. The total in commissions for the three groups was \$2,011,882. The total service fees were \$1,695,942. The total of both, \$3,707,824.

Mr. KENNEDY. What are service fees?

Mr. UHLMANN. Service fees are paid to an insurance agent or broker to cover his costs or designed to cover his costs primarily to perform two or three functions, and the most important of which, or the largest one of which is the processing and payment of claims.

The second represents the mailing and distribution of individual policies to members and their dependents, and also booklets, and the third is to keep a roster or commonly referred to as the enrollment cards of the membership.

Mr. KENNEDY. So that in commissions, for insurance of the Central States conference, roughly \$972,000 in commissions was paid despite the assurances to the trustees and to those who made the award that no commissions would be paid.

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. Mr. Chairman, these are excessively high commissions. I would like to call now Mr. S. Goodman, of the insurance department of the State of New York, and have him sit with Mr. Uhlmann and testify on the question of commissions.

The CHAIRMAN. Will you be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GOODMAN. I do.

### TESTIMONY OF SEYMOUR GOODMAN

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. GOODMAN. My name is Seymour Goodman, a broker in New York, and I am employed by the New York State Insurance Department as a supervising examiner at 123 William Street, in the city of New York.

The CHAIRMAN. How long have you been so employed?

Mr. GOODMAN. Twenty years.

The CHAIRMAN. You have had 20 years' experience in this field?

Mr. GOODMAN. I have previous technical experience as a general insurance broker and so my insurance experience runs over 30 years.

The CHAIRMAN. Over 30 years?

Mr. GOODMAN. That is right.

The CHAIRMAN. Are there any further qualifications?

Mr. KENNEDY. I have here in front of me, Mr. Chairman, a report on welfare and pension funds in New York State, submitted to the superintendent of insurance; and another book entitled, "State of New York Insurance Department—Whose Welfare?" a report on union-employer welfare plans in New York, and it is submitted to Bohlinger, the superintendent of insurance, and there is mention of the witness in both of these books, and I would like to have him identify the books if he would.

The CHAIRMAN. I hand you two books, and I ask you to examine them and state if you identify them, and if you can, briefly do so for the record.

(The documents were handed to the witness.)

Mr. GOODMAN. The first report in the time of publication was "Whose Welfare?" published by the Insurance Department of the State of New York. It was published on or about December 1954, and it was a report on our first formal investigation of union employee welfare plans in New York, and it was made by the deputy superintendent of insurance, Adelbert G. Straub, Jr., to the Honorable Alfred J. Bohlinger, superintendent of insurance.



The CHAIRMAN. That book may be made exhibit No. 220 and it will be for reference only and not as evidence.

(The document referred to was marked "Exhibit No. 220" for reference, and may be found in the files of the Select Committee.)

Mr. KENNEDY. Did you play a major role in the writing of that report?

Mr. GOODMAN. Yes.

Mr. KENNEDY. And I believe that in the beginning of the report it so states, does it not?

Mr. GOODMAN. In the letter of transmittal by Deputy Superintendent Straub to Superintendent of Insurance Bohlinger; yes.

The second report which was published about a little over 2 years later on the basis of a continuing and expanded investigation was submitted by Martin S. House, who was special counsel to the Honorable Leffert Holz, superintendent of insurance, and the report which is dated February 20, 1956, and published by the insurance department, is entitled "Private Employee Benefit Plans, a Public Trust, a Report on Welfare and Pension Funds in New York State."

The CHAIRMAN. Thank you, and that book may be made exhibit No. 221 for reference.

(The document referred to was marked "Exhibit No. 221" for reference and may be found in the files of the Select Committee.)

Mr. KENNEDY. Did you also play a major role in the writing of this report?

Mr. GOODMAN. Yes, sir.

Mr. KENNEDY. Is that so acknowledged in the book?

Mr. GOODMAN. It is, sir.

Mr. KENNEDY. So you had a considerable amount of experience in the matter that we are discussing this afternoon?

Mr. GOODMAN. I believe so.

Mr. KENNEDY. Now, Mr. Goodman, have you participated in the formation of charts and other documents to show and demonstrate how much of a commission brokers should be paid on certain kinds of insurance?

Mr. GOODMAN. Yes, sir.

Mr. KENNEDY. Now, would you examine these records that are entitled "Computation of Effective Rate of Commission and Average of First Year and Renewal Commission Rate Over 10 Years"?

The CHAIRMAN. I hand you here a series of documents entitled "Computation of Effective Rate of Commission, Average First Year's Renewal Commission Rate Over 10 Years," and ask you to examine them and state if you identify the documents, and if you prepared them and other information that will be helpful to the committee in evaluating them.

Mr. GOODMAN. I wish to make a correction, sir. I advised members of your staff in the preparation of this, and the calculations were prepared under my instructions, how they should be prepared by the members of your staff, and I did check them for accuracy.

Mr. KENNEDY. I am talking first about the charts, the making up of the figures that you have to apply.

Mr. GOODMAN. I see. Then perhaps I could explain that I think it is important to go back one step. The National Association of Insurance Commissioners in December of 1957 adopted a code of ethical practices with respect to the insurance and benefits of union or union-

management welfare and pension funds. I participated in the work of drafting this code, which was based upon the recommendation in the report entitled "Whose Welfare?" This code of ethical practices was adopted by the Insurance Department of the State of New York the same month.

The code contains a schedule of what are to be considered reasonable commissions.

Mr. KENNEDY. Could you talk up a little louder or bring the microphone closer, because this is extremely important.

Mr. GOODMAN. The code sets forth two scales of what are to be considered reasonable commissions, and perhaps I should read the paragraph which precedes this table.

The table following illustrates on the basis of the effective rates for the indicated premium volume a generally accepted range of commission rates, first year and renewal average over 10-year commission-paying period, to insurance agents and brokers, derived from schedules—

and I emphasize—

currently in use on group life and group accident, sickness policies, which are considered to be reasonable and not excessive.

Now, I may interject at this point that these scales were based upon quite extensive analysis of studies of commission practices of insurance companies writing group insurance and welfare funds as a part of it.

Mr. KENNEDY. And over a period of time?

Mr. GOODMAN. Over a great many years, and that these scales are based upon what were considered sound practices in the business for many years. Now, we show a range here of two different commission scales, one which is considered a low one and one which is considered somewhat higher, but still considered reasonable.

Now, these rates of commission shown in the code of ethical practices are average rates as indicated over a 10-year period, and for use of examiners in the insurance department, we prepared a supplementary schedule showing the derivation of these commission rates, which shows the amount of commissions on both the low and somewhat higher scale for both first year and renewal.

It is based upon these commissions, and this worksheet which is the basis for the commissions in the code of ethical practices, that these calculations were derived.

The CHAIRMAN. That code of ethical practices may be made exhibit No. 222A, and the other document you have there, what is that document?

Mr. GOODMAN. This document is entitled "Code of Ethical Practices With Respect to Insuring of Benefits of Union or Union-Management Welfare and Pension Funds, Illustrative Commission Scales."

The CHAIRMAN. It may be made exhibit No. 222B.

(The documents were marked "Exhibits 222A and 222B" for reference and may be found in the files of the select committee)

Mr. KENNEDY. Mr. Uhlman have you applied, the schedule that Mr. Goodman talked about to the commissions and the sums of money that were involved in the awarding of the contract of the Central Conference of Teamsters?

Mr. UHLMANN. Yes, sir; I have.

Mr. KENNEDY. Could you tell us what figures you arrived at?

Mr. UHLMANN. With respect to Central States, our calculations show that from the first policy year, which started March 1, 1950, through March 1, 1958, that the commissions that should have been paid under this code aggregated \$611,200.

With respect to the Michigan conference, which started April 1, 1951, through March 31, 1958, the commissions there should have been \$139,400. Local 1031, for which the first policy date was May 1, 1949, and through April 30, 1958, the aggregate commissions amount to \$502,600 under the code.

This makes a total—I am sorry. The figures I have read there, I beg your pardon; the figures I read to you represent the excess commissions in each case.

The CHAIRMAN. Wait a minute now. Let us start all over again. You have us confused.

Mr. UHLMANN. I am afraid I have.

The CHAIRMAN. Let us start over again and get it correct. What is the \$611,000?

Mr. UHLMANN. The \$611,200 represents the excessive commissions paid under the Central States policy between March 1, 1950 and March 31, 1958.

The CHAIRMAN. In other words, for 8 years there was an excess payment in commissions from the Central States of \$611,200?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. All right. Now we will take the Michigan conference. Let us get that next.

Mr. UHLMANN. From April 1, 1951 through March 31, 1958, \$139,400 was excess.

The CHAIRMAN. That was excess?

Mr. UHLMANN. Yes; they are both excess figures.

The CHAIRMAN. Let us get the third one. That would be local 1031.

Mr. UHLMANN. Local 1031 of IBEW, Electrical Workers, May 1, 1949 through April 30, 1958, \$502,600 is excess.

And this makes an aggregate excess in commissions for these three policies of \$1,253,200 for the period of time stated.

The CHAIRMAN. That is just commissions?

Mr. UHLMANN. That is just commissions.

The CHAIRMAN. That has nothing to do with service charges?

Mr. UHLMANN. No, sir.

The CHAIRMAN. Do you have something with respect to service charges?

Mr. KENNEDY. I do not think he has finished with commissions.

I would like to ask Mr. Goodman if he has any comment on those figures.

Mr. GOODMAN. Yes, I think that the method of computation which led to these excess figures was done on an extremely conservative basis, giving the benefit of the doubt and possibly having the commission slightly higher according to the code of ethical practices scale than they might be. The reason for that is that we had no basis of determining what were to be considered first-year premiums upon which they might be entitled to a first-year commission during renewal years.



As a result, we considered all increases in premium from year to year as first-year premiums for first-year commission purposes. Because a commission in the first year is considerably higher than in renewal years, there is a possibility that these figures may overstate the amount of what would have been the reasonable amount of commission. So possibly if it were possible to go back in complete detail, the excess might possibly be greater.

Mr. KENNEDY. This is a conservative figure?

Mr. GOODMAN. Right.

Mr. KENNEDY. On these three policies, at least \$1,250,000 in excessive commissions were paid?

Mr. GOODMAN. Based upon the benchmark of the code of ethical practices.

The CHAIRMAN. Do you think there is any doubt but what a reputable insurance company would have been glad to handle it for the amount of commission you indicate would be reasonable?

Mr. GOODMAN. Yes, sir. We have characterized in at least one or two or three of these cases, and the two reports I referred to, that the commissions on these cases were excessive.

Mr. KENNEDY. You have already taken note of that officially?

Mr. GOODMAN. Yes. They have been characterized in the report. They are only identified by code, though, and not by name.

The CHAIRMAN. In other words, these were taken into account in the report that you made?

Mr. GOODMAN. Yes, sir.

The CHAIRMAN. Although they are not identified except by code. You know which ones they are, do you?

Mr. GOODMAN. I do, sir.

Senator ERVIN. Did I understand that in making this computation, reaching this conclusion, in order to be perfectly fair you gave the benefit of all doubt to those receiving the commissions?

Mr. GOODMAN. Yes, sir.

Mr. KENNEDY. That would be over \$750,000 of that which was from the Central Conference of Teamsters and from the Michigan Welfare Fund; is that right, Mr. Uhlmann?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. And those were insurance policies that were awarded directly by Mr. Hoffa?

Mr. UHLMANN. I would say that, yes, or through his influence.

Mr. KENNEDY. Do you have some other figures that you want to add to that on the commissions as far as Dr. Perlman is concerned?

Mr. UHLMANN. Yes.

Mr. KENNEDY. We have another figure to add to this. There were other commissions that were paid on the same insurance.

Go ahead.

Mr. UHLMANN. Over and above the commissions paid to the Dorfman agencies for the insurance just described, there were some \$600,000-odd paid to the United Public Service Corp., which was an entity that was established largely by Dr. Perlman, who was referred to earlier in this testimony, and by virtue of the dual capacities that he occupied in each of these companies, he was able to funnel rather extensive sums of money by way of commissions and alleged service



fees through the United Public Service Corp. primarily for his own financial enrichment.

With respect to the three policies alone that we have been talking about here today, we calculate that a little over \$600,000 by way of commissions, commissions alone, were paid to the United Public Service, all of which we regard as excessive on the ground that there seems to have been no basis whatsoever for this company to play any part in this insurance, that is, in the acquisition of this insurance or in servicing the contract.

(At this point Senator Church entered the hearing room.)

Mr. KENNEDY. Do you agree with that, Mr. Goodman?

Mr. GOODMAN. My recollection on some of that is quite hazy, as I only participated on sort of a fringe basis with respect to some of these transactions, although I would say that Dr. Perlman was wearing two hats at the same time and there might be a question as to the payment of commissions.

Mr. KENNEDY. But the part that is slightly more questionable is an additional \$600,000; is that right?

Mr. UHLMANN. Yes.

Mr. KENNEDY. That would bring the total up to approximately \$1,850,000?

Mr. UHLMANN. Yes.

Mr. KENNEDY. \$1,250,000 definitely is established, and the \$600,000 is where there is a question; is that right?

Mr. UHLMANN. Yes.

(At this point the chairman left the hearing room.)

Mr. KENNEDY. Is there anything you wish to add?

Mr. GOODMAN. I have nothing further.

Mr. KENNEDY. This report and the investigation was done on the Dorfman and Perlman operation was done in what year?

Mr. GOODMAN. May I have both volumes?

Mr. KENNEDY. That was done by the commission in New York?

Mr. GOODMAN. By the insurance department in New York. I might say this: That you must bear in mind that we were not considering Dorfman or Union Casualty as individual operations. We were investigating all welfare fund activities in the State of New York as handled by insurance companies licensed to do business in the State of New York.

At the same time, we were developing other information as part of our regular examination work of the Union Casualty. What is contained in this report is based primarily upon the special investigation of welfare funds generally.

At certain parts of the report reference is made to Central States, Michigan conference, and local 1031, and they indicate and characterize that the commissions and fees paid in those instances were excessive.

If you wish to, I can identify the places in the report.

Mr. KENNEDY. What year was this?

Mr. GOODMAN. This first report, "Whose Welfare?" was printed on December 6, 1954.

Mr. KENNEDY. And this situation that you went into in 1954 has been going on ever since, evidently, from the figures that have been revealed here?

Mr. GOODMAN. I have reason to believe so.

Mr. KENNEDY. Are the Dorfman's licensed to practice insurance in the State of New York?

Mr. GOODMAN. No, sir.

Mr. KENNEDY. Why is that? Has their license been lifted by the State of New York?

Mr. GOODMAN. Their license was revoked by the State of New York.

Mr. KENNEDY. For what reason?

Mr. GOODMAN. For refusal to permit our examiners to look into the records of Allen Dorfman or the Union Insurance Agency of Illinois, a licensee of the New York Insurance Department.

Mr. KENNEDY. Mr. Uhlmann, are there some figures on the service fees that you would like to place into the record?

Mr. UHLMANN. Yes.

Mr. KENNEDY. That is, the excessive payments on service fees to the Dorfman's?

Mr. UHLMANN. The only cost information that we were able to develop with respect to servicing of contracts which are handled by the Dorfman agencies cover a period of some 18 to 20 months. In this period of time, we have found that, for about 6 or 7 months, the difference between the amount received from the insurance company as service fees and the amount charged as expenses in servicing these contracts, represented a difference of 53 percent, which is a different way of saying, another way of saying, that there was roughly a 53 percent profit made on this servicing.

I believe that insurance experts will vouch for the fact that in the main, servicing is a function performed by an agent concerning which little or no profit is expected to be made.

Mr. KENNEDY. Is that correct, Mr. Goodman?

Mr. GOODMAN. Yes, sir.

Mr. KENNEDY. Based on our calculations, it would appear, at least, that they made profits amounting to approximately 53 percent?

Mr. UHLMANN. For the period of time I just referred to. For a fuller period, and this is the only period on which the records were available to us, we have found that the profit was some 27 percent.

So in, shall we say, averaging it out or leveling it off, we come up with an extraordinarily conservative estimate as to what might be excess, and we fixed it at 25 percent. We don't feel anyone can quarrel with that as constituting excess.

On that basis alone, measured against the total service fees received over a period of time on these three policies alone, there is a minimum of \$400,000-odd that could readily be declared as being excessive.

(At this point the chairman entered the hearing room.)

(At this point Senator Ervin left the hearing room.)

Mr. GOODMAN. May I make a correction? As far as the service fees are concerned, it has been a long established policy of the Insurance Department of the State of New York and it is now represented in the code of ethical practices, that there should be no profit factor in service fees.

Mr. KENNEDY. None at all?

Mr. GOODMAN. None at all. May I read from the code of ethical practices with respect to that?

An insurer should not make any payment of fees or allowances of whatever nature and by whatever name to any person, firm, or corporation, in connection with the sale, service, or administration of a group policy issued to a welfare or pension fund other than commissions to an insurance agent or broker as heretofore described, except in reimbursement for the reasonable value of one or more of the following services performed on behalf of the insurer.

They must be services performed on behalf of the insurer. The only four services that we recognize are:

- (1) Issuing certificates.
- (2) Maintaining employee records.
- (3) Billing premiums.
- (4) Processing claims.

Senator CHURCH. Is that code of ethics officially promulgated by the State of New York?

Mr. GOODMAN. It was adopted first by the National Association of Insurance Commissioners in December of 1957, and in the same month adopted by the Insurance Department of the State of New York.

Senator CHURCH. So it has the adherence and approbation of the insurance companies themselves?

Mr. GOODMAN. Yes. We worked in the drafting of this with many representatives of some of the outstanding insurance companies in the country.

Mr. KENNEDY. So it would appear, would it not, that the excess payments to the Dorfman and Dr. Perlman in this matter amounted conservatively to \$1,650,000, and possibly up to well over \$2,250,000; is that correct?

Mr. ULMANN. I would say that; yes, sir.

Mr. KENNEDY. But the conservative figure is \$1,650,000 that was paid in excess to Allen Dorfman, period, and with the possibility of another \$600,000 in excess to Dr. Perlman?

Mr. ULMANN. Yes.

Mr. KENNEDY. But Allen Dorfman and his mother received this \$1,650,000 excess payments.

Mr. Chairman, we are going into other matters in connection with this, but I think we might want to call Mr. Allen Dorfman back for a moment first.

Thank you, Mr. Goodman.

The CHAIRMAN. Thank you, gentlemen.

Mr. Dorfman, you may take the stand if you wish.

#### TESTIMONY OF ALLEN DORFMAN—Resumed

The CHAIRMAN. Let the record show that Mr. Dorfman is recalled. All right, Mr. Kennedy; proceed.

Mr. KENNEDY. Mr. Dorfman, could you tell us what arrangements, what conversations you had regarding the granting of the commissions in connection with the Central Conference of Teamsters?

Mr. DORFMAN. I claim my privilege under the fifth amendment to the Constitution.

Mr. KENNEDY. Can you tell us anything about the Michigan Conference of Teamsters?



Mr. DORFMAN. I claim my privilege under the fifth amendment to the Constitution.

Mr. KENNEDY. Can you tell us whether it is a fact that you have received excess payments of \$1,650,000?

Mr. DORFMAN. I claim my privilege under the fifth amendment to the Constitution.

Mr. KENNEDY. Mr. Dorfman—

Mr. CLINTON. Mr. Chairman, I do not know how good my mathematics are, but if that computation of \$1,600,000 is correct, Dorfman would have been in the hole around \$400,000 or \$500,000 during the time he was in business. I would suggest that maybe some recomputation might be in order.

The CHAIRMAN. We are perfectly willing to have it. We will ask your client to help us do it.

Would you help us? Would you be glad to help us? Mr. Dorfman?

(The witness conferred with his counsel.)

Mr. CLINTON. Unfortunately, Mr. Chairman, Mr. Dorfman is in a position that if he starts to discuss finances, he would have waived his privilege. But these are simple matters of statistics of income and disbursements of this agency, to which the investigators of the committee have had access.

As I understand it, Dorfman would have lost \$400,000 by being in business for over 9 years, if Mr. Kennedy's mathematics are correct. I think it might bear checking.

The CHAIRMAN. Mr. Counsel, you are here to represent your client and that is true. But I don't believe it would be well for you to testify for him. I think it would be well and we would be glad to receive his testimony if he wants to testify that he lost it or would have lost \$400,000 on the basis of this calculation. We will be glad to hear his testimony, and then take other testimony and go right into the merits of it and ascertain what the facts are.

All I know is what these witnesses who are in a position to know, who have checked the records, testify to. Here is a man who is presumably an expert in this field who has been a witness. I have no reason to question his qualifications as such. Apparently that has been pretty well established.

Sometimes there can be expense that we do not know about, but these experts ought to know generally what is right and what is a fair fee, and a commission. They have testified. I would be very happy if Mr. Dorfman could testify and throw some light on this whole transaction. If there is nothing wrong with it, it should be cleared up, because there are working people who have something at stake here.

In fact, the whole labor movement has something at stake. I think business has something at stake, too. We have here, again, as I pointed out earlier, a spectacle of a businessman handling large transactions like this who comes in here and states under oath that he honestly cannot talk about it or he cannot answer questions about it and tell the truth about it without the risk of self-incrimination.

So under those circumstances, we have to resort to testimony from others who have had experience, and make comparisons with what the record shows here and what, from their experience, would be a



proper or fair charge, a reasonable profit or commission, for such services.

All right, Mr. Counsel, have you anything further?

Mr. KENNEDY. Just if Mr. Dorfman would give us any explanation as to how he was able to make over \$1,650,000 in excess profits in connection with the Central Conference of Teamsters and the Michigan conference. I would like to hear it.

Could you give us an explanation, Mr. Dorfman?

Mr. DORFMAN. I claim my privilege under the fifth amendment of the Constitution.

Mr. KENNEDY. Do you feel that a truthful answer might tend to incriminate you, if you gave us a truthful answer?

Mr. DORFMAN. Yes, sir.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all for now.

The CHAIRMAN. Mr. Dorfman, you will return tomorrow.

The committee will stand in recess until 11 o'clock tomorrow.

(Members of the select committee present at time of recess: The Chairman and Senator Church.)

(Whereupon, at 4:12 o'clock p.m. the select committee recessed, to reconvene at 11 o'clock a.m., Wednesday, January 28, 1959.)



# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

WEDNESDAY, JANUARY 28, 1959

U.S. SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D.C.*

The select committee met at 11 a.m., pursuant to recess, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Frank Church, Democrat, Idaho; Senator Karl E. Mundt, Republican, South Dakota.

Also present: Robert F. Kennedy, chief counsel; Pierre E. Salinger, investigator; Joseph F. Maher, investigator; Martin S. Uhlmann, investigator; John P. Findlay, investigator; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at the convening of the session: Senators McClellan and Curtis.)

The CHAIRMAN. Mr. Kennedy, call your next witness.

Mr. KENNEDY. Mr. Chairman, we have a number of different facets of the insurance that we are going to go into today. I would like to start out by calling a member of the staff, Mr. John Findlay, in connection with the embezzlement of some of the layoff premiums.

The CHAIRMAN. Be sworn, please.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. FINDLAY. I do.

## TESTIMONY OF JOHN P. FINDLAY

The CHAIRMAN. State your name, your place of residence, and your present employment.

Mr. FINDLAY. John P. Findlay. I reside at 315 Maryland Avenue, Freeport, N.Y. I am a CPA and I am employed by the United States Army Audit Agency. I am on loan to your committee.

The CHAIRMAN. How long have you been a CPA?

Mr. FINDLAY. I was given my certificate in New York in 1937.

The CHAIRMAN. 1937?

Mr. FINDLAY. 1937.

The CHAIRMAN. More than 20 years?

Mr. FINDLAY. That is right.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. How long have you been with this committee?

Mr. FINDLAY. For about 1 year.

Mr. KENNEDY. Have you been working during that period of time on the investigation of Allen and Paul Dorfman?

Mr. FINDLAY. That is right.

Mr. KENNEDY. And the insurance that was granted by the Central Conference of Teamsters; is that right?

Mr. FINDLAY. That is so.

Mr. KENNEDY. Mr. Findlay, is one of the matters that you have spent some time on the so-called layoff premiums that have gone through the office of Mr. Allen Dorfman?

Mr. FINDLAY. Yes.

Mr. KENNEDY. Would you explain to the committee what a layoff premium is?

Mr. FINDLAY. The insurance certificate issued by the Mount Vernon Life Insurance Co. under the group policy provides, with respect to each member of local 1031—this is the Electrical Workers—that in the case of a temporary layoff or a leave of absence, or a work stoppage, the individual policyholder may continue the insurance by making the premium payments direct during the period of layoff.

In this case, the provision applied for a period of about 6 months. In other words, he could carry his insurance for 6 months after the time he was laid off.

Senator CHURCH. Without paying the premium during that period?

Mr. FINDLAY. No. Instead of the employer making the premium under the group insurance plan, the individual has the right to continue the insurance on his own by making the payment direct.

Senator CHURCH. I see.

Mr. FINDLAY. Now, in the case of local 1031, they issue a booklet to each of their members, in which they tell them of this arrangement, and provide that they will instruct them how the premium is to be paid.

Local 1031 being in Chicago, the premiums are paid directly to Allen Dorfman's insurance company. That is the Union Insurance Agency of Illinois, or, in some cases, to the Aldor Insurance Agency.

Mr. KENNEDY. Aldor, A-l-d-o-r?

Mr. FINDLAY. A-l-d-o-r.

Mr. KENNEDY. And that is Mr. Allen Dorfman's insurance agency?

Mr. FINDLAY. That is also one of Mr. Allen Dorfman's insurance companies.

Mr. KENNEDY. What is he supposed to do with the premiums after he receives them?

Mr. FINDLAY. Mr. Dorfman is supposed to remit them in accordance with the laws of the State of Illinois. These being fiduciary funds, they are to be remitted within 90 days after he receives them. He was supposed to remit them to the Mount Vernon Life Insurance Co. in the latter period.

It was formerly known as the Union Casualty and Life Insurance Co.

Mr. KENNEDY. Did we find on our investigation that instead of remitting or forwarding these premiums on to the insurance company



itself in New York, he deposited the premiums in his own bank account?

Mr. FINDLAY. He first deposited the premiums in a bank account of the Union Insurance Agency of Illinois, which is his company in partnership with his mother, Rose. These moneys were put in a fund, a bank account, in the Exchange National Bank, marked "Special Account." During the period that we conducted the examination, there was some \$51,461.66 collected with respect to these premiums from the individuals.

Mr. KENNEDY. How much was that again?

Mr. FINDLAY. \$51,461.66.

Mr. KENNEDY. These were premiums that were collected and not forwarded to the insurance company, but were deposited in a special account, which belonged to Allen Dorfman and his mother, Rose Dorfman; is that correct?

Mr. FINDLAY. That is right, to his Union Insurance Agency of Illinois company, owned by Allen and his mother, Rose.

Mr. KENNEDY. Over what period of time was he depositing these premiums in his own bank account?

Mr. FINDLAY. From April 1954 to February 1957 was the date that the \$51,000 we are speaking of was accumulated.

Mr. KENNEDY. And this ceased shortly after our investigation began; is that correct?

Mr. FINDLAY. That is right.

Mr. KENNEDY. What steps then did Mr. Allen Dorfman take?

Mr. FINDLAY. Well, before I tell you what happened to the \$51,000 that was remitted eventually to the Mount Vernon Life Insurance Co., I would like to mention that there were 21 items drawn on this Union Insurance Agency fiduciary account totaling \$47,544.63, comprising payments to Allen Dorfman's entities, Aldor Insurance Agency; Dover Insurance Agency; Union Insurance Agency of Illinois; Windsor Investment Co.; Northwestern Oil Co.; David Probst, general agent; Allen Dorfman, general agent; the Michigan Conference of Teamsters Welfare Fund; and to Allen Dorfman personally.

Mr. KENNEDY. So he deposited the money in the bank account and then, over this period of time, he spent the money?

Mr. FINDLAY. Yes. He financed the operations of other companies, including some of the expenses of the Union Insurance Agency of Illinois, and, of course, several of these checks were drawn to Allen Dorfman himself. Allen signed all of the checks coming out of this fiduciary account.

Mr. KENNEDY. Were there any other funds placed in the account?

Mr. FINDLAY. Well, of course, there were some other funds. Occasionally there would be a deposit from the policyholder and the policyholder would go back to work so they made the refund in small amounts to the individuals. These would be the monthly premiums for which they had paid, and subsequently the company taking them on their payroll would indicate that they were covered. So the employee would occasionally get some minor checks back.

On February 19 and 20, apparently the decision was made to make—this is 1957—a decision was made to repay these funds to the Mount Vernon Life Insurance Co., so it was necessary for Allen to draw

the money that had been advanced to the other entities from these companies to reimburse the account, because actually the account sometimes had less than \$1,000 in it, although the average was some \$17,000 collected for the 3-year period.

The CHAIRMAN. Are you speaking of this \$51,000 account now?

Mr. FINDLAY. Yes, the \$51,000 account.

The CHAIRMAN. At times it had less than \$1,000 in it?

Mr. FINDLAY. Had less than \$1,000 in it; yes.

The CHAIRMAN. That was before the reimbursement was made?

Mr. FINDLAY. Before the reimbursement.

Now, Mr. Kennedy, your point with regard to the payment of the \$51,000 to the Mount Vernon Life Insurance Co.—

Senator CHURCH. Before we get to that, this reimbursement, when was it made with respect to the time that our committee investigations of this matter commenced?

Mr. FINDLAY. Well, all the money was refunded on the dates that I have mentioned, February 19 and 20.

Senator CHURCH. February 19 and 20?

Mr. FINDLAY. Of 1957.

Senator CHURCH. When did the committee investigation of this matter start?

Mr. KENNEDY. Well, we began our investigation of the Teamsters and of this whole arrangement back in January of 1957, and we had witnesses in starting with the Senate Subcommittee on Investigations around January 11, 1957. Then the select committee was set up on February 1, 1957. So it was at least a month that the individuals were well aware of the fact that we were investigating this whole subject matter.

Mr. FINDLAY. Two checks were drawn to the Mount Vernon Life Insurance Co. by the Union Insurance Agency of Illinois for the lay-off premiums withheld for the period April 1954 to February 1957.

One of the checks was dated March 11, 1957. The payee was the Mount Vernon Life Insurance Co., and the amount was \$39,155.35. This check was received in Mount Vernon, N.Y., and deposited in the Mount Vernon Life Insurance Co.'s account.

With respect to the difference of \$12,306.31, a second check was drawn on June 21, 1957, and the payee in this case was the same, the Mount Vernon Life. However, that check never reached the Mount Vernon Life Insurance Co. until December of 1957.

Mr. KENNEDY. What happened to that money? That was how much?

Mr. FINDLAY. \$12,306.31.

Mr. KENNEDY. Did you trace that check for us?

Mr. FINDLAY. Allen Dorfman took the check which was drawn in his own office in Chicago. It was payable to the Mount Vernon Life Insurance Co. He had a rubber stamp endorsement placed on the check, Mount Vernon Life Insurance Co.

He then signed it personally and endorsed it personally, and deposited it in his personal bank account in the Exchange National Bank of Chicago.

Mr. KENNEDY. In fact, he made the check out to the Mount Vernon Insurance Co., and then with a rubber stamp he endorsed it on the back, "The Mount Vernon Life Insurance Co."; is that right?

Mr. FINDLAY. That is right.

Mr. KENNEDY. Then he endorsed it himself and deposited the check in his own bank account?

Mr. FINDLAY. Yes.

Mr. KENNEDY. So it would appear, if you just made an examination of the records, that he had in fact turned over this \$12,000 to the insurance company?

Mr. FINDLAY. Yes.

Mr. KENNEDY. When in fact, he had forged the signature on the back with a rubber stamp and deposited it in his own bank account?

Mr. FINDLAY. That is right.

Mr. KENNEDY. Would you tell the committee how we came to learn that?

Mr. FINDLAY. Well, of course, seeing the two checks drawn, we tried to trace them to the books of the Mount Vernon Life Insurance Co., and spent considerable time at Mount Vernon with no result.

We subsequently subpoenaed the accounts of this premium insurance account, and we found that the \$12,306.31 which had been transferred to Allen's account in June, he had arranged with the Exchange National Bank to notify Mount Vernon Life Insurance Co. that the deposit was in error, and that it was being credited to their account in the Exchange National Bank of Chicago. That was on December 9, 1957.

The information was furnished to the bank by Mike Breen, the comptroller for Allen Dorfman's insurance entity. The bank acted on his instructions without making any check of the deposit slip, which clearly showed the amount of \$12,306.31 was intended to be deposited to Allen Dorfman's account in June.

We visited the bank and obtained an affidavit from them stating that the transaction had been handled in accordance with the instructions from Dorfman's office, and that the previous advices stating that the deposit had been credited to the wrong account was in error.

Mr. KENNEDY. Do you have that affidavit?

Mr. FINDLAY. Yes, we do.

Mr. KENNEDY. What happened was that Dorfman, after we began to make an investigation of this, had the bank executive write out a statement to the insurance company that this check had been deposited in error in Allen Dorfman's account; is that right?

Mr. FINDLAY. Yes.

Mr. KENNEDY. Then upon our investigation and examination of the check, we found that it could not have been in error, and they then furnished us an affidavit from the bank executive saying that the check had been deposited in Allen Dorfman's account on the instructions of Allen Dorfman's office?

Mr. FINDLAY. That is right.

Mr. KENNEDY. Could we have the affidavit?

The CHAIRMAN. Do you have the checks that you referred to there?

Mr. FINDLAY. I do.

The CHAIRMAN. Do you have photostatic copies of them?

Mr. FINDLAY. I do.

The CHAIRMAN. The check for \$39,155.35, I believe that is the amount of it—is that correct?

Mr. FINDLAY. Yes. I will have it in a second.



The CHAIRMAN. I am trying to identify it to make it an exhibit.

Mr. FINDLAY. The \$39,155.35—

The CHAIRMAN. That check, a photostatic copy of it, may be made exhibit No. 223, and the check in the amount of \$12,306.31 that you have referred to may be made exhibit No. 223-A.

(The checks referred to were marked "Exhibits Nos. 223 and 223-A" for reference and will be found in the appendix on pp. 16180-16181.)

The CHAIRMAN. Since they relate to the same account, we will make them similar exhibit numbers.

The letter of December 9, 1957, from Morry Rapaport, of the Exchange National Bank of Chicago, to Mr. William Smith, secretary-treasurer, Mount Vernon Life Insurance Co., will be made exhibit 223-B.

(Document referred to was marked "Exhibit 223-B" for reference and will be found in the appendix on p. 16182.)

The CHAIRMAN. The other document, of the Exchange National Bank of Chicago, showing credit to the account, may be made exhibit 223-C.

(Document referred to was marked "Exhibit 223-C" for reference and will be found in the appendix on p. 16183.)

The CHAIRMAN. We have an affidavit from Morry Rapaport, dated the 28th day of February 1958.

Mr. KENNEDY. The point is, Mr. Chairman, that this letter, which is exhibit 223, was sent to the insurance company, and the impression that you would arrive at upon reading this letter is that by a mistake made by the bank, this check was deposited in the account of Allen Dorfman rather than sent on through the insurance company.

Upon our investigation and examination of the check, we found that to be impossible.

So then we went back to the bank and asked them for an explanation of this letter, which was wholly misleading. The check shows clearly that Allen Dorfman intended to deposit the check in his own bank account.

The CHAIRMAN. The letter which I have referred to, which was made one of the exhibits numbered 223, 223-B, reads:

Due to an error, we have deposited check No. 1502 for \$12,306.31, made out to the Mount Vernon Life Insurance Co., dated June 21, 1957, to the Allen M. Dorfman account instead of to the Mount Vernon Life Insurance Co. We have this day rectified this error and regret having caused you any inconvenience.

The affidavit, dated the 28th of February 1958, states that on December 9, 1957, he received a telephone call from one Mike Breen.

\* \* \* who is connected with a number of Allen Dorfman enterprises and is well known to this affiant; that said Mike Breen informed this affiant that a certain check numbered 1502 in the amount of \$12,306.31 had been deposited to the account of Allen Dorfman on June 21, 1957, when it should have been deposited to the account of Mount Vernon Life Insurance Co., and requested this affiant to rectify the matter and notify Mount Vernon Life Insurance Co. accordingly; that as requested this affiant, without visual inspection of check No. 1502 of Union Insurance Agency of Illinois, fiduciary premium account, and the deposit ticket covering the deposit of such check caused the account of Allen Dorfman to be debited with the sum of \$12,306.31 and the account of the Mount Vernon Life Insurance Co. of New York to be credited with a like sum.

That is signed "Morry Rapaport," and dated as indicated by the Chair.



The affidavit may be printed in full in the record at this point.  
(The affidavit follows:)

## AFFIDAVIT

STATE OF ILLINOIS,  
*County of Cook, ss:*

Morry Rapaport, being first duly sworn on oath, deposes and says:

That he is assistant vice president of the Exchange National Bank of Chicago;

That on December 9, 1957, he received a telephone call from one Mike Breen, who is connected with a number of Allen Dorfman enterprises and is well known to this affiant;

That said Mike Breen informed this affiant that a certain check numbered 1502 in the amount of \$12,306.31 had been deposited to the account of Allen Dorfman on June 21, 1957, when it should have been deposited to the account of Mount Vernon Life Insurance Co., and requested this affiant to rectify the matter and notify Mount Vernon Life Insurance Co. accordingly;

That, as requested, this affiant without visual inspection of check No. 1502 of Union Insurance Agency of Illinois, fiduciary premium account, and the deposit ticket covering the deposit of such check caused the account of Allen Dorfman to be debited with the sum of \$12,306.31 and the account of Mount Vernon Life Insurance Co. of New York to be credited with a like sum.

Further affiant saith not.

(Signed) MORRY RAPAPORT.

Subscribed and sworn to before me this 28th day of February 1958.

[SEAL]

(Signed) ALBERT LANGEUTIG,  
*Notary Public.*

MR. KENNEDY. The check, as you will see, is made out to the Mount Vernon Life Insurance Co. of New York, Mr. Chairman.

THE CHAIRMAN. We are speaking now about the check for \$12,306.31. It was made to the Mount Vernon Life Insurance Co. On the back it is stamped Mount Vernon Life Insurance Co. and then signed Allen M. Dorfman. The check was deposited in Dorfman's personal account. Is that correct, counsel?

MR. FINDLAY. That is correct.

THE CHAIRMAN. That check was deposited in Dorfman's personal account and did not go into the Mount Vernon Life Insurance Co. account at all?

MR. FINDLAY. That is correct.

THE CHAIRMAN. In other words, although the records of this \$51,461 account showed that a check had been issued on it for \$12,306.31 to Mount Vernon, that check, the proceeds of it, went back into Dorfman's personal account?

MR. FINDLAY. That is right.

THE CHAIRMAN. So until further investigation was made and this was discovered, the Mount Vernon Life Insurance Co. did not receive that money?

MR. FINDLAY. They didn't know about it. They didn't receive it.

THE CHAIRMAN. They didn't even know about it?

MR. FINDLAY. No.

THE CHAIRMAN. Did they know about it before the letter of December 7, 1957?

MR. FINDLAY. No, they did not.

THE CHAIRMAN. That was the first information. In other words, this thing has gone on since June 1957, until December, when the investigators found this situation. It was then that the bank wrote the letter, apprising the Mount Vernon Life Insurance Co. of the fact that an error had been made and this had been deposited to Mr. Dorfman's account?

Mr. FINDLAY. That is correct.

The CHAIRMAN. Is that the correct situation?

Mr. FINDLAY. Yes.

The CHAIRMAN. In other words, this money had been misappropriated from the Union Life Insurance Co. and placed in Dorfman's personal account?

Mr. FINDLAY. Yes.

The CHAIRMAN. That was a misappropriation of it.

Mr. FINDLAY. A misappropriation of transmission of these funds, as required by the Illinois Insurance Code. The funds should be transmitted within 90 days after the receipt thereof.

The CHAIRMAN. Well, the misappropriation—the other records, the records of the \$51,000 account would show on the basis of this check that the money went to Union Life Insurance Co.; that it had been reported and had been paid.

Mr. FINDLAY. That is right.

The CHAIRMAN. That is what the \$51,000 account would show.

Mr. FINDLAY. Yes.

The CHAIRMAN. But in pursuing the check and trying to find when those proceeds reached the Mount Vernon Life Insurance Co., you found that they had not reached there at all; that instead, they had gone into Dorfman's personal account.

Mr. FINDLAY. Yes, sir.

The CHAIRMAN. And that was by reason of the way he endorsed the check, by stamping Mount Vernon Life Insurance Co. on it and then placing his own name under that endorsement and having the check deposited to his credit, to his personal credit.

Mr. FINDLAY. That is exactly right.

The CHAIRMAN. When you discover that, the bank writes this letter; is that correct?

Mr. FINDLAY. Yes.

The CHAIRMAN. Then it gives the affidavit to which we referred, in which it says that Mr. Mike Breen had instructed, in a telephone call——

\* \* \* that he received a telephone call from one Mike Breen, connected with a number of Allen Dorfman's enterprises and well known to this affiant \* \* \*.

It was from him that they found out that this money had been misappropriated or diverted into a personal account instead of going into the Mount Vernon Life Insurance account where it belonged?

Mr. FINDLAY. Yes. I would like to make this clear, though: The account that Allen Dorfman used to make the transfer to, that was the Exchange National Bank account of the Mount Vernon Life Insurance Co. in Chicago. The Allen Dorfman Agency was not authorized to make any deposits to that account and never has done so. Furthermore, that account is not used for premium collections, which this represents. That information came from the Mount Vernon Life Insurance Co.

The CHAIRMAN. In other words, this is further out of order or out of line with regular procedure, because the money did not belong in that account in the first place?

Mr. FINDLAY. Exactly.

The CHAIRMAN. It should have gone to another account.

Mr. FINDLAY. It should have gone directly to the Mount Vernon Life Insurance Co. offices in Mount Vernon, N.Y.

The CHAIRMAN. That is where all other premiums had gone?

Mr. FINDLAY. That is so.

The CHAIRMAN. You spoke of the withholding. This account of \$51,461.66, I believe, was established in April 1954?

Mr. FINDLAY. 1954, and ran through February of 1957, although the two checks were drawn in March and June.

The CHAIRMAN. I understand. But at the time the account was opened, it was not opened for the amount of \$51,000.

Mr. FINDLAY. No. It was increased by the receipt of the individual premium payments by the laid-off employees, averaging about \$17,000 a year.

The CHAIRMAN. But the point is such moneys as were collected from the laid-off employees was due to be reported to the Mount Vernon Life Insurance Co. offices in Mount Vernon, N.Y.

Mr. FINDLAY. That is so.

The CHAIRMAN. And for the period of April 1954 through February 1957 none of those funds had been accounted for, none had been paid into the Union Life Insurance Co. or accounted from by Mr. Dorfman?

Mr. FINDLAY. That is right.

The CHAIRMAN. All right. I think we have it.

Mr. FINDLAY. In addition to that, I would like to add, however, that the accountants, Miller, Mandel & Co., who make the audit of the Union Insurance Agency books, kept memorandum records of the amounts that were due, and in their review notes in connection with the payment in February, they state that—

the fiduciary premium account, and due to the Mount Vernon Life Insurance Co., do not appear on any books, although we have not determined that the bank account was used to discharge the liability.

In other words, they are covering themselves with respect to the disposition of these funds. Actually, the accounting for these funds was maintained on memorandum records only in a manner that would be difficult to trace.

Mr. KENNEDY. They did not appear on any regular books or records?

Mr. FINDLAY. They did not appear on the general books of the Union Insurance Agency or Aldor Insurance Agency.

Mr. KENNEDY. And, as a matter of fact, the insurance company in New York had no way of knowing that this \$51,000 was due to them; is that right?

Mr. FINDLAY. None whatsoever. In fact, the amount might be greater than \$51,000, because if there were some cash payments, because of the manner in which the records were kept, they could have been put in a drawer, or in a tin box and not deposited in the bank account.

Another feature of this—

Mr. KENNEDY. So this misappropriation went on over a period from 1954 to 1957 and ended up with this \$12,000?

Mr. FINDLAY. Yes.

Mr. KENNEDY. And it totaled \$51,000?

Mr. FINDLEY. That had been paid.



The CHAIRMAN. In that connection, as I understand it, Mr. Dorfman was using this account all during that period of time for his own purposes, by drawing checks on it, checking on it, and using those funds for purposes other than for what they were received.

Mr. FINDLAY. Yes. We have photostats of the 18 checks that were drawn on the account. Three checks were missing. We were unable to obtain photostats of them. That represents the \$47,544 which he used to finance his own operations.

Another feature of this is that during the period of the withholding of the funds, Allen Dorfman was processing claims filed by the laid-off employees, in some cases death claims, totaling \$4,000, \$2,000, \$2,500, various amounts. We made a test of that and we found \$17,500 worth of death claims paid by the Mount Vernon Life Insurance Co. to the policy holders for which they had not received the premiums.

The CHAIRMAN. In other words the Mount Vernon Life Insurance Co. was honoring the contract they had, although they were not getting the premiums.

Mr. FINDLAY. That is right. The claims were filed through Allen Dorfman's office, and death claim benefits are paid by the Mount Vernon Life Insurance Co. from that office. The accident and health claims of these laid-off employees are also paid through the Chicago office, so that undoubtedly there were other claims paid by Dorfman covering accident and health, while all of the funds were being withheld.

The CHAIRMAN. Are there any further questions?

All right, you may stand aside. Call the next witness, Mr. Kennedy.

Mr. KENNEDY. I call Mr. Uhlmann.

The CHAIRMAN. This witness has been previously sworn.

#### TESTIMONY OF MARTIN S. UHLMANN—Resumed

The CHAIRMAN. You will remain under the same oath, and Mr. Kennedy will proceed.

Mr. KENNEDY. I am going back now to the operation of the insurance agency by Allen Dorfman, and their servicing of the insurance, Mr. Chairman, and I would like to have Mr. Uhlmann discuss briefly the situation regarding the retention rates of the insurance company in connection with their bid initially for the Central States insurance, and then later for the Michigan insurance.

Mr. UHLMANN. With respect to the Central States policy, Dr. Perlman in submitting his bid included a retention rate of 17½ percent which, of course, meant that was the percentage related to the premium dollars to be collected under that policy that would be kept by the Union Casualty Co., as it was called at that time.

However, in his retention formula, he also had, shall I say, a "gimmick" in there, in this sense: The first policy year for the Central States covered a 13-month period, and in his bid he stipulated that for purposes of computing the retention the first month's premium less the first month's claims would be retained by the company, that is the net.

This was another way of saying that for the first month, specifically, March 1950, the Union Casualty Co. under that plan would have retained, as they did, 100 percent of the difference between the premiums collected and the claims paid. And for the remaining 12 months,



that is, from April 1, 1950, through March 31, 1951, the 17½ percent then comes into play, and as a consequence, by taking into consideration the aggregate premiums collected during this 13-month period in relation to the claims paid in the same period we found that the true retention by Union Casualty was a little over 21 percent.

Mr. KENNEDY. What was the retention rate of the Union Pacific Co. which was the low bidder for insurance?

Mr. UHLMANN. The Pacific Mutual Co., you mean?

Mr. KENNEDY. Yes.

Mr. UHLMANN. That bid included a retention rate of 9.3 percent for the first year, as contrasted with some 21 percent for Union Casualty Co.

Mr. KENNEDY. Now, Mr. Uhlmann, the insurance company, Union Casualty Insurance Co., did not maintain the retention rate at 17½ percent for the following years.

Mr. UHLMANN. Well, they retained 17½ percent in the second policy year. It did not extend beyond 17½ percent as it did in the first policy year because it was only a 12-month policy year. However, in policy years beginning April 1, 1952, they did not retain that percentage because the claims that had to be paid under that policy were so great that they could not maintain that retention figure.

Mr. KENNEDY. What has the retention amounted to over the period of the policy?

Mr. UHLMANN. Over that policy period, the aggregate or the difference between the total premiums received and the total claims paid, was about a little under \$5 million.

Mr. KENNEDY. What is the significance of that figure?

Mr. UHLMANN. Well, just this: That if, for example, there was not an insurance carrier or an underwriter in the picture, then obviously there would be no need for paying commissions or service fees which we discussed yesterday, nor would there have been any need for carrying the office overhead of the insurance underwriter, and together with other expenses which come out of the retention.

Mr. KENNEDY. It has cost the welfare fund that amount?

Mr. UHLMANN. The welfare fund paid an aggregate of under \$5 million for the operation of this insurance during this period of time.

Senator CHURCH. What period of time are we talking about now?

Mr. UHLMANN. We are talking about the period between March of 1950 through March of 1958.

Senator CHURCH. An 8-year period?

Mr. UHLMANN. Yes, sir.

Senator CHURCH. When you say the cost was \$5 million, you mean by that that the cost of carrying the insurance program exceeded by \$5 million the benefits paid out; is that correct?

Mr. UHLMANN. That is right. It is simply the difference between premiums paid less claims paid.

Senator CHURCH. Now, to get that figure in some perspective, how does that \$5 million relate to the total amount of premiums paid to the total amount of benefits? How sizable is this in connection with the scope of the program?

Mr. UHLMANN. Well, the total premiums paid in this period of time was roughly \$51 million, and the claims paid were approximately \$46 million. Now then, the point that I was about to make, Senator,

was this: It is recognized, I believe, that for a period of at least 3 or 4 years of an operation of this size, and it is a very large one, this fund as was pointed out yesterday, is considered one of the very largest in the United States, and it covers members of the Teamsters in some 25 States—after some 3 or 4 years one might conclude that the trustees in the interest of the members and their families and their dependents might have given serious consideration, if not adopt a different course of action in the light of the experience that had accumulated at that time.

The thought that occurs to me, for example, I might say more so on the basis of conversations with experts in the insurance field, is that the trustees might have given some serious consideration or have adopted a self-insurance program or have considered transferring this insurance to another carrier where the retention would have come closer to a little over 3 percent, let us say, or a maximum of 4 percent, as opposed to an overall average of about 9 percent, which was the case in the Central States over this 8-year period.

Senator CHURCH. In other words, the experience over the 8-year period showed that the actual cost to the Teamsters of carrying this insurance was excessive, as compared to alternatives available.

Mr. UHLMANN. Yes, sir.

Senator CHURCH. And after a 3- or 4-year period ordinary prudent management, in the interest of the Teamsters themselves, would have indicated the advisability of transferring this to another carrier or instituting a program of self-insurance.

Mr. UHLMANN. Yes, sir. A reexamination, let us say, at the end of the fourth year or thereabouts, and this is not a case of Monday morning quarterbacking, I would like to add, I believe that this reexamination would have led to the alternative of these two measures that we are now discussing.

As a consequence, the savings in money to the Central States Welfare Fund would have been a minimum of about 4 percent. That is a minimum of that, between 1954 and 1958, if they carried the coverage with another company.

Senator CHURCH. Just to be sure that I understand the testimony correctly, you say that the experience that they actually had over the 8-year period involved a retention of about 9 percent?

Mr. UHLMANN. Yes, sir.

Senator CHURCH. And general experience in the insurance business and alternatives available to them would have permitted them to have obtained the same insurance coverage at a retention figure of about 4 percent?

Mr. UHLMANN. At a maximum of 4 percent.

Senator CHURCH. So that actually they were paying twice as much as prudent management would have dictated.

Mr. UHLMANN. Yes, sir.

Senator CHURCH. Is that correct?

Mr. UHLMANN. Yes, sir; in my opinion, and in the judgment of experts.

Senator CHURCH. Can you give me that figure or can you translate that figure from a percentage figure to a dollars and cents figure?

Mr. UHLMANN. I can give you an estimate of it, Senator. Roughly \$2,400,000 would be involved.

Senator CHURCH. So that it would be fair to say then that the continuation of this insurance program after a fair trial period had cost the Teamsters, the men who drive the trucks, \$2,400,000 more than it should have cost them?

Mr. UHLMANN. I would like to correct that. If we commence with the end of the fourth year, the calculations would indicate that the excess in those circumstances would be roughly \$1,800,000.

Senator CHURCH. Correcting my statement then, from \$2.4 million, to \$1.8 million, then my statement is correct?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. The \$2.4 million is from the beginning of the policy.

Mr. UHLMANN. That is right.

Senator CHURCH. And the \$1.8 million would be from the time when experience under the policy would have indicated a change of course to be prudent.

Mr. UHLMANN. Yes, sir, and that is attributable largely to the very rapid growth of the number of members and dependents, too, in that fund, which in turn meant a very great acceleration in terms of premium dollars collected.

Mr. KENNEDY. And most of this excess of money that has been paid by the Teamsters had been paid in order to meet the charges that have been made by Allen Dorfman, and Rose Dorfman, and Dr. Perlman; is that correct?

Mr. UHLMANN. Oh, yes, by far.

Mr. KENNEDY. The excess of payments have been necessary in order to meet the charges made by these individuals?

Mr. UHLMANN. Yes, because commissions and service fees by far represent the largest part, or comprise the largest portion of the money that is spent by an insurance underwriter out of its retention, and therefore the statement made, Mr. Counsel, is precisely correct.

Mr. KENNEDY. It has not been that the underwriter has received a great deal extra amount of money in this.

Mr. UHLMANN. Oh, no. The net to the underwriter, this would have no effect upon the net to the underwriter. My discussion here is concentrated on the impact that this had on the welfare fund itself.

Sitting from that side of the table, as I pointed out earlier a rather thorough reexamination of the entire problem would have dictated a different course of action.

Mr. KENNEDY. So now we have gone through the excessive cost to the Teamsters and we have gone through the excessive payments to Allen Dorfman, and to Rose Dorfman, and to Dr. Perlman.

Now, let us take it down to what the immediate effect was on the Teamster member. Did we find that because of these excessive costs that had to be paid, the Teamsters agreed to reduce the benefits to the individual members?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. When did they reduce the benefits?

Mr. UHLMANN. I would like to add just one point here, and that is that our comments until now have been confined to the Central States. It seems to me that we should not overlook the impact that this had on the Michigan Conference of Teamsters Fund, which is a very large one, and again the remarks in the main that I made in reference to the Central States Health and Welfare Fund apply to the Michigan Conference Welfare Fund.



The CHAIRMAN. In other words, there is a corresponding overcharge to that fund as you have outlined with reference to the Central States.

Mr. UHLMANN. Yes, Mr. Chairman.

The CHAIRMAN. It is comparable?

Mr. UHLMANN. The figures are smaller only because the fund it self does not have the same volume that the Central States has.

The CHAIRMAN. But percentagewise, it could be applied?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. Would you have a figure on that, Mr. Uhlmann, the Michigan Conference?

Mr. UHLMANN. On the Michigan Conference, the aggregate as I pointed out earlier, and in that case there is a 1-year less period involved, from 1951 through 1958, and excluding the first 4 years, which seems to me to be reasonable for a welfare fund to have made a study, in localizing the excess cost to the fund, if it were either carried with another carrier or self-insurance, figure there would be roughly \$500,000.

Mr. KENNEDY. Now let us go on to the reduction of benefits.

Mr. UHLMANN. In considering this, or in approaching this question of reduced benefits, I should like to point out first that I have before me the material relating to the Michigan Conference of Teamsters Welfare Fund when we found an increase in the commissions to the agency in Chicago. For example, commencing with January of 1952, the commissions were increased from 2 to 3 percent; and on July 1, 1952, they were again increased from 3 to 4 percent; and on top of that there was a 2 percent commission and a 2 percent service fee added for life insurance portions of the policy. So that the difference in commissions over and above what had been paid before that, in this 2-year period, between 1952 and 1954 when these cuts in benefits took place, was roughly \$54,000.

Now then, beginning with April of 1952 there was an increase in premiums of 15 cents a member a month, and in the case of dependents it was 10 cents per dependent wife per month.

On April 1, 1952, the very same date, when the policy was renewed for the first time with the Union Casualty, the hospital benefits or hospital expenses on maternity coverage was reduced from \$160 to \$120. Obstetrics for dependents, that was cut from \$75 to \$50. Then beginning on June 1, 1953, a series of very sharp and drastic cuts in benefits took place. For example, the largest single one concerned the maximum allowable for surgery for dependents, cut from \$300 to a maximum of \$200.

So what we have here, in a word, is this: We have concurrently with increases in commissions and services fees, increases in premiums and decreases in benefits.

Mr. KENNEDY. And at the same time we have had the testimony before the committee from experts that the commissions that were being paid to the Dorfman and to Dr. Perlman were excessive, even at that time.

Mr. UHLMANN. Yes, sir.

I have before me a communication which I should like to point to briefly. It is written by an officer of the Union Casualty & Life Co., as it was called then. It was written on April 8, 1952, to Dr. Perlman, in which he said that—

At the meeting in Chicago with Mr. Hoffa and Mr. Schwartz—



who at the time was the administrator for the Michigan Conference of Teamsters Welfare Fund—

and in the presence of Mr. Allen Dorfman and yourself and the writer—who is Mr. Smith—

they had discussed this entire question as to what to do with regard to renewing the policy of the Michigan Conference Insurance beginning April 1, 1952, and it was at that time agreed at that meeting that the premiums would be increased and that the dependent coverages—

which I referred to a moment ago—

would be cut in the manner described.

Now, at this point, of course, it raises a question, and perhaps a serious one, as to the authority of those present to negotiate these matters in the light of the fact that none of the trustees of the Michigan Conference Welfare Fund were present.

The CHAIRMAN. Let us identify that document. What is it?

Mr. UHLMANN. It is a document written by Mr. Smith to Dr. Perlman and the subject is Michigan conference renewal, and it is dated April 8, 1952.

The CHAIRMAN. That document may be made exhibit No. 224.

(Document referred to was marked "Exhibit No. 224" for reference and may be found in the files of the select committee.)

Mr. UHLMANN. I have another document before me, written by Mr. Fitzsimmons, who was the employee trustee on the fund, addressed to Dr. Perlman, in which he concurs in the benefit reductions and increase in premiums agreed to or as covered by the communication that I just referred to.

The CHAIRMAN. That document may be made exhibit 224A.

(Document referred to was marked "Exhibit No. 224A" for reference and may be found in the files of the select committee.)

Mr. UHLMANN. There is some indication that Mr. Fitzsimmons' letter may have been backdated to April 8, because on April 10, 1952, there is another memorandum from Mr. Smith to Dr. Perlman in which he refers to a telephone conversation between himself and Mr. Hoffa and Mr. Brennan, during which the three of them had discussed this identical problem; that is to say, benefit reductions and premium increases.

As I pointed out earlier, none of these parties were trustees of the welfare fund.

Mr. KENNEDY. And, therefore, had no right whatsoever in making these decisions?

Mr. UHLMANN. That is correct.

Mr. KENNEDY. This is a meeting that took place between Mr. Hoffa, Mr. Schwartz from the welfare fund, and Mr. Allen Dorfman, the agent; is that right?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. In December of 1956, the benefits of new members in both groups and their dependents were cut 50 percent for the first year; is that right?

Mr. UHLMANN. That is right.

Mr. KENNEDY. So that was another cut?

Mr. UHLMANN. That was another cut effective at that time, and it applied to new members during the course of their first year of em-

ployment only. That is to say that following the first year, their benefits would be restored to 100 percent.

But in this connection, I wish to make the point that the premiums paid for these people were identical with those for the members who received 100 percent benefits. Perhaps this was influenced or inspired by the fact that the losses may have run a little high.

Mr. KENNEDY. It would appear to be that during this period of time there was a milking of funds by this group and really what amounted to a sellout by those who were making the decisions for the Teamster Union member.

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. During this period of time, did Mr. Dorfman's income increase tremendously?

Mr. UHLMANN. Well, as I mentioned earlier, I think, the buildup of the commissions, that is, over and above what he had already been receiving and which yesterday was testified to as having been excessive, the increase alone over and above what he had been normally receiving amounted to roughly \$54,000, while these cuts had transpired.

Mr. KENNEDY. What about his income itself, item 3A in the memorandum?

Mr. UHLMANN. We have found that from the time that Mr. Dorfman entered the insurance business in 1949, that his income had grown rather sharply over the years in contrast to what it was a year or two before he went into the insurance business.

Mr. KENNEDY. Tell us what the situation is.

Mr. UHLMANN. In 1948, which was the year preceding the one that he went into the insurance business, his taxable income was \$5,094.

Senator CHURCH. Is this information taken from his income tax returns?

Mr. UHLMANN. Yes, sir.

His insurance income—the figures I will cite from here on down will be the insurance income alone, the taxable income.

In 1949, it was \$5,200. In 1950, \$16,500; in 1951, \$25,391; in 1952—

The CHAIRMAN. What was 1951?

Mr. UHLMANN. In 1951, \$25,391.

Mr. KENNEDY. Just round the figures off.

Mr. UHLMANN. In 1952, \$41,700; in 1953, \$129,000; in 1954, \$166,000; in 1955, \$86,000; in 1956, \$132,000; and in 1957, \$112,000.

Mr. KENNEDY. What about his mother, Rose Dorfman, who was a partner?

Mr. UHLMANN. Rose Dorfman? We have her tax returns commencing with the year 1950, when her income from insurance was \$3,500 that year, and in 1951, \$49,000; in 1952, \$94,000; in 1953, \$119,000; in 1954, \$156,000; in 1955, \$76,000; in 1956, \$115,000; and in 1957, \$84,000.

The CHAIRMAN. As I recall from other testimony, if I am correct, 90-odd percent of all of the income of the Dorfmans was from these three accounts.

Mr. UHLMANN. Yes, sir; that is correct.

The CHAIRMAN. So this represents profit, both the income of Allen Dorfman and that of his mother, profit primarily from these three accounts, the Central States conference, the Michigan conference, and local 1031?

Mr. UHLMANN. Yes.

The CHAIRMAN. As I remember, about 90 percent.

Mr. UHLMANN. About 92 percent, roughly.

The CHAIRMAN. Roughly 92 percent of this income was from those three accounts?

Mr. UHLMANN. Yes, sir.

Senator CHURCH. This income, as you have indicated, was taken from their own reports on their own income tax returns; is that correct?

Mr. UHLMANN. Yes. They paid taxes on these sums of money.

Senator CHURCH. This is what they reported to the Government as their income and paid taxes on?

Mr. UHLMANN. With respect to insurance. I did not take into account here any investments, for example, in some oil operations and so on.

Senator CHURCH. What I want to get at is this: Are any of these figures based upon any audit made of the books of these parties, or any other source of confirmation other than what they themselves reported in their tax returns?

Mr. UHLMANN. The information contained in the tax returns we have found, except for the first year or two when amended returns were filed to conform with what had actually transpired, we found that in the main they did correspond with the income that should have been reported, if that is your question.

Mr. KENNEDY. Mr. Uhlmann, are you talking about the moneys that they charged to expenses? Are you saying that we are verifying that amount of money?

Mr. UHLMANN. No, no. I didn't intend that. I am sorry.

Mr. KENNEDY. Would you straighten out your answer?

Mr. UHLMANN. By your question, Senator, you meant that we had established that this income, in fact, is the sum of money that should have been reported on the basis of their books and records?

I must say that we did not have the opportunity to examine all of the books and records and for this reason we are not in a position to establish whether this represents a true figure on which the taxes should have been paid.

Senator CHURCH. Thank you.

Mr. KENNEDY. They declared, anyway, from 1953 through 1957, from this insurance agency, at least \$1,150,000 in profits; is that correct?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. That was from 1953 to 1957?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. At the same time, Dr. Perlman was doing quite well; is that right?

Mr. UHLMANN. Yes, he was.

It should be pointed out in this respect that nearly all of Dr. Perlman's income, of course, came from union welfare funds of different sorts. In other words, there was some union somewhere paying for this money. A good share of it, beginning in 1950, of course, was attributable to the Teamsters and some of the other policies which came in through the Chicago office.

Senator CHURCH. Let me ask this question: In the course of your studies of this matter, did you have an opportunity or did you under-



take to make any kind of comparison between the benefits conferred by this insurance program for the policyholders after the benefits were curtailed, and after the premiums were increased, with other insurance carriers offering programs of this kind, or is such a study feasible?

First of all I would like to know if that comparison has been made, and if it is feasible to make such a comparison, just to ascertain the extent to which the Teamsters were being shortchanged.

Mr. UHLMANN. I would say that it is exceedingly difficult to make comparisons, per se, largely because we are dealing here with some extraordinarily large welfare funds, with extensive membership, and, as a matter of fact, sitting here now I have no information and have found none where another welfare fund of the size, let us say, of Central States, Southeast and Southwest Health and Welfare Fund, with that sort of membership, is carried by another carrier.

Senator CHURCH. The problem is you had nothing really comparable with which to draw comparisons?

Mr. UHLMANN. No, sir. Comparisons have been attempted from time to time by other people, but I, myself, would be reluctant to make one.

Mr. KENNEDY. Would you like to give us briefly the situation as far as Dr. Perlman is concerned? I would like to get through that subject and one other before we recess this morning.

Mr. UHLMANN. In 1952, the New York State Insurance Department made a rather exhaustive investigation into the relationships between the Union Casualty Co., which was then run almost entirely by Dr. Perlman, and the United Public Service Corp., which he had set up, which he also had run, and United Public Service was largely, if not entirely, an agency, an insurance agency, that was set up for the purpose of having large sums of commission and service fee money funneled through it, from which Dr. Perlman was the largest single beneficiary.

Over the years he had accumulated, as a result of this funneling operation, both through the United Public Service and the Union Casualty Co., an aggregate of about \$1 million. When the New York Insurance Department, the New York State Insurance Department, was aware of this, they directed the carrier to terminate its contract with the United Public Service on the ground that it was hardly justifiable.

In so doing, the United Public Service, or I should say specifically Dr. Perlman, entered into an arrangement between the two companies—it might have been almost a case where he was entering into a contract with himself, though I can't say as to that—in any case, when the termination took place, there was a provision that in consideration of the fact that the United Public Service had ostensibly or allegedly placed this insurance with the Union Casualty Co., which was the carrier, that at termination there should be some consideration for paying them a given sum of money each year so long as that insurance stayed on the books of the carrier.

As of this date, there are four welfare funds still carried on the books of this company which today is known as the Northeastern Life Insurance Co., and they are the Central States, the Michigan conference, the Local 1031, and another Teamster local in Chicago, and that.



is Local 743. They are the four welfare funds still carried on the books of this company for which the United Public Service since January 1, 1953, has been receiving an aggregate of \$50,000 annually, and that sum will be paid in perpetuity; that is to say, so long as this business remains on the books of the Northeastern Life Insurance Co.

It is another way of saying that this becomes a fixed charge which, in the final analysis, must be borne by these welfare funds, and is another way of saying, too, that had it not been for this fixed charge, that the premiums from these funds would be that much smaller, or that the benefits would have otherwise been increased by that sum of money.

Mr. KENNEDY. That is \$50,000 each year; is that correct?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. And he is no longer associated with the insurance company?

Mr. UHLMANN. Dr. Perlman is no longer associated with this insurance company, but of the \$50,000 he is still paid \$5,000 a year.

Mr. KENNEDY. Where does the rest of the money go?

Mr. UHLMANN. Largely to the widow of one of his former colleagues, who was associated with him in the United Public Service Corp.

Mr. KENNEDY. But that \$50,000 has to be paid out by the insurance company every year?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. There is no benefit in return for it whatsoever?

Mr. UHLMANN. No, sir.

The CHAIRMAN. It is just a pension being paid by that fund to someone?

Mr. UHLMANN. In essence; yes, sir.

The CHAIRMAN. That is what it amounts to?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. There are no benefits in return to the men?

Mr. UHLMANN. No, sir. There is a very serious question. I know that the New York State Insurance people have been concerned about this arrangement for a long time, and I feel certain that they would like to see it broken off entirely. I rather suspect they may do something about that if it is legally possible to do so.

Mr. KENNEDY. Of course, that is just one other item that increases the cost to the Teamster Union members and to the union members of local 1031?

Mr. UHLMANN. That is correct.

Mr. KENNEDY. In the final analysis, they are the ones that are paying for it.

Mr. UHLMANN. Yes, sir. This money must come from these welfare funds.

Mr. KENNEDY. Has Mr. Dorfman been paying the life insurance premiums for several of the union officials?

Mr. UHLMANN. Yes; he has.

Mr. KENNEDY. Do you have that information?

Mr. Findlay, do you have that information?

What do the records show for Mr. Dorfman paying for the insurance premiums of certain officials?

## TESTIMONY OF JOHN P. FINDLAY—Resumed

Mr. FINDLAY. Mr. Dorfman, in addition to writing the group life insurance policies, also issues individual life policies to a number of union officials. The Northeastern Life Insurance Co. carries policies for Jimmy Hoffa, Eugene Sancucci, Don Peters, Ed Fenner, Frank Fitzsimmons, Irving Green of Mercury Records—

Mr. KENNEDY. Irving Green of Mercury Records?

Mr. FINDLAY. Of Mercury Records. He is the only one who is not a union official. And Ted Shulman. He is connected with the Waste Trades Union.

Mr. KENNEDY. The Waste Trades Association?

Mr. FINDLAY. The Waste Trades Association; that is right.

In addition to that, quite often there are applications filed by Allen Dorfman that in some cases are rejected by the Northeastern Life Insurance Co. One of those would be on the life of Johnny Dio.

The question as to the payment of insurance premiums for certain union officials—

Mr. KENNEDY. What was the situation as far as Johnny Dioguardi was concerned?

Mr. FINDLAY. Johnny Dio submitted an application through Allen, and it was eventually rejected. But in the application Allen Dorfman as the agent was asked how long he knew the proposed insured, and he said in 1955 he knew him for 10 years. He also stated that he knew his annual income, Johnny Dio's annual income, was \$30,000.

A specific question was asked: "Do you know of anything which might make this risk undesirable?" He said, "No."

Subsequently, the company, of course, rejected the application on the basis of their credit information. In the case of Johnny Dio, Johnny Dio gave Allen Dorfman a check for \$684 to cover the premium on his life insurance for 1 year. He gave him that check on March 21, and the check bounced on March 28.

It was redeposited on March 31 and it bounced again on April 7. There was another deposit on April 7, and the check bounced on April 19.

The CHAIRMAN. Three bounces so far?

Mr. FINDLAY. Three bounces. In the meantime, Allen Dorfman had advanced to the Mount Vernon Life Insurance Co., through his Dover Insurance Co., its check, its own check, for \$684 in order to make the premium payment to the Mount Vernon.

Mr. KENNEDY. For Johnny Dio?

Mr. FINDLAY. For Johnny Dio's account. Even though he had trouble in connection with the personal checks bouncing, there was no communication with the Mount Vernon Life, and it wasn't until July 8 when Mount Vernon Life decided to reject the application of Dio for cause that the money was returned to the Dover Insurance. So actually it was a wash entry on the Dover Insurance accounts with respect to Johnny Dio.

The CHAIRMAN. You mentioned a number of union officials and others that I understand from your testimony, Mr. Dorfman pays their insurance premiums. Is that right?

Mr. KENNEDY. That first list, Mr. Chairman, is a list of individuals where Allen Dorfman writes their insurance.

The CHAIRMAN. He writes their insurance? He does not pay their premium?

Mr. KENNEDY. Now he will go into that. But that is a list of individuals for whom Allen Dorfman writes insurance.

Mr. FINDLAY. He does write certain insurance other than the group insurance we have been discussing.

The CHAIRMAN. This is individual insurance?

Mr. FINDLAY. This is individual life insurance.

The CHAIRMAN. All right.

Mr. KENNEDY. Going back briefly, another individual who applied for insurance and who was recommended by Allen Dorfman was Gus Zapas; is that right?

Mr. FINDLAY. Gus Zapas' application, I believe, was approved, but Gus didn't make the payment so the policy was never issued by the Northeastern Life Insurance Co.

Mr. KENNEDY. He is the one you might remember, Mr. Chairman, who served a term in the penitentiary in Indiana, and who has been arrested 45 times. He was having such a difficult time getting a job in Chicago he was hired by the Teamsters in Indiana. He had been arrested many times in Chicago.

Mr. FINDLAY. The personal insurance goes through the books of the Dover Insurance Agency, Ltd. On February 28, 1958, the latest available balance sheet that I was able to get, the books showed that there were advances for policyholders. That was the caption of accounts receivable used by their accountants. It showed that there was some \$3,600 due, from James Hoffa, \$726 representing a payment in August 1956.

The Dover Insurance check was No. 576, and that was for \$726. That is a semiannual premium on behalf of Jimmy which has not been reimbursed to Allen, and no interest is being charged on the books.

The CHAIRMAN. What is the date of that?

Mr. FINDLAY. August 1956.

The CHAIRMAN. It has never been paid

Mr. FINDLAY. It has not been paid.

Other semiannual payments are sometimes made direct to the insurance company in Mount Vernon and they have no way of determining from whom they receive the money. But actually, there is only one semiannual payment appearing on the books as still due from Jimmy.

In addition to that, there is a balance of \$694.30 due from Eugene San Soucie and his wife, Adele. That represents payments made in 1956 and 1957 for which San Soucie made partial payments, two payments of \$480 and \$500 to Allen. Those were reflected on the books of Dover.

Frank Fitzsimmons owes a balance of \$112.36. It is just a portion of a premium paid through the Dover on behalf of these individuals.

Phil Goodman owes \$1,079.99, and the others, \$989.47. That amount of \$3,602.05 appears on the balance sheet prepared by Miller-Mandell & Co. for management purposes for Allen Dorfman.

Mr. KENNEDY. Is that illegal, to pay the insurance premiums for an agency?

Mr. FINDLAY. In the case of the payments where no interest is charged, we have been informed by the Illinois Insurance Department



that it is considered in the nature of a rebate and is illegal. In the case of New York, I am not sure what interpretation they would put on it.

Mr. KENNEDY. But in Illinois it is illegal?

Mr. FINDLAY. It is; yes.

The CHAIRMAN. Before we recess, the Chair will make the memorandum that the witness testified to a while ago, dated April 10, 1952, to Dr. Perlman from Mr. Smith, exhibit No. 224B.

(The memorandum referred to was marked "Exhibit No. 224B" for reference and will be found in the files of the select committee.)

The CHAIRMAN. The committee will stand in recess until 2:30 p.m.

(Members of the select committee present at time of recess: Senators McClellan and Church.)

(Whereupon, at 12:35 p. m., the select committee recessed, to reconvene at 2:30 p.m. the same day.)

#### AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Ervin.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. I would like to recall Mr. Uhlmann.

#### TESTIMONY OF MARTIN S. UHLMANN—Resumed

Mr. KENNEDY. Now, another subject in connection with the insurance, Mr. Uhlmann, is the excessive claim reserves set up by the Dorfman. Can you explain that to us?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. And what do the figures show?

Mr. UHLMANN. Well, I do not believe that is attributable to the Dorfman. These reserves are officially, at least, set up by the underwriter at Mount Vernon, and what we have done is to analyze all of the claim payments made after April 1 of 1958, which is the first month of the present policy year, and made a study of those claims that were paid after April 1 to determine those on which the claims were incurred prior to March 31, or March 31 and prior, concerning which a reserve has been set up to meet those claims. What we found was that in the case of Central States as well as Michigan Conference, there was a rather substantial overstatement of those reserve figures as of last March in relation to claims paid through October 31, 1958.

Generally speaking, I might add the claim payments for a period extending from April 1 through October 31 are generally regarded, with some few exceptions, to be sufficient to cover nearly all claims incurred prior to the present policy year.

On that basis, we have projected the overstatement in the case of Central States, for example, to be approximately 28 percent over and above the reserves set up at the end of the policy year, which was March 31, and in the case of the Michigan Conference Welfare Fund, the reserves were overstated by as high as 37 percent.

In each case, the percentages are regarded as being extraordinary.

Mr. KENNEDY. What would the ordinary reserve percentage be in the ordinary policy?



Mr. UHLMANN. In discussing this matter with State insurance department officials, as well as those in other insurance companies, that is other than the particular company we were concerned with in this investigation, we understand that the average overstatement generally runs somewhere between 5 and 8 percent, and sometimes, in extraordinary cases, as high as 10 percent. Anything running beyond 10 percent is regarded as extraordinary.

Mr. KENNEDY. And so the Central States, we found, ran up to 28 percent, or ran 28 percent, and the Michigan Conference ran 38 percent.

Mr. UHLMANN. It was 37 percent.

Mr. KENNEDY. What that means as a practical matter is that there are these large amounts of money that are available to the insurance company; is that not correct?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. That they can use during a period of a year, which are charged to reserves but can be used by the insurance company during that period of a year for whatever purpose they see fit.

Mr. UHLMANN. Yes, sir, and as a matter of fact they do precisely that.

Mr. KENNEDY. What would have happened to that money if it was not made available to the insurance company, and where would that money have gone otherwise?

Mr. UHLMANN. If the rate of retention that we discussed this morning was not as high as 17½ percent, but rather closer to a rate, let us say, of some 4 percent or so, which another carrier, a larger one, might have been willing to carry these very large coverages for, then it is safe to say without a question that these excess reserves would have been refunded to these welfare funds in their entirety.

(At this point Senator Mundt entered the hearing room.)

Mr. KENNEDY. Now, there is another subject I wish to touch on. Have you finished with the reserves?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. Do you have some figures there that we can place in the record to support your testimony?

Mr. UHLMANN. Yes.

Mr. KENNEDY. You have a memorandum that we can submit to the committee?

Mr. UHLMANN. I think that I recall the figures. The figures in the case of Central States, with respect to excess reserves, are \$800,000. In the case of Michigan Conference it is \$440,000, or an aggregate of \$1,240,000 for both funds.

Mr. KENNEDY. That is for this year?

Mr. UHLMANN. That is for the policy year that ended last March.

Mr. KENNEDY. March of 1958?

Mr. UHLMANN. March of 1958; yes.

Mr. KENNEDY. Did you find from a study of the reserves procedure that this same kind of operation occurred each year, excessive reserves?

Mr. UHLMANN. We did not make a study, I am sorry to say, for any prior year. The undertaking is quite extensive and the only opportunity we had was to have it done for the end of the current year since we were concerned with the present status of these reserves.

Mr. KENNEDY. Couldn't you tell from how much was charged to reserves and how much actually paid in claims, whether the charges to reserves were excessive during the previous year?

Mr. UHLMANN. No, we could not, because unless a very exhaustive analysis is made for each year, it could not be done on the ground that one must make a clear segregation between claims paid in a particular year that has application to claims incurred in the previous policy year.

Mr. KENNEDY. Did Mr. Hoffa arrange for the welfare fund to invest \$350,000 in this insurance company?

Mr. UHLMANN. Yes. We have evidence to that effect.

Mr. KENNEDY. Will you tell us what the situation is briefly with respect to that?

Mr. UHLMANN. In testimony a few years ago before another congressional committee, Mr. J. Howard Minnich, who was then, and he is now, an employer-trustee of the Michigan Conference Health and Welfare Fund, stated that before the investment was initially made in what was then called the Union Casualty Co. in August of 1951, that in considering the company in which an investment should be made it was decided that a safe place would be the Union Casualty Co. stock, and he indicated at the time that although he had discussed it with Mr. Fitzsimmons, who was then, as he is now, the employee-trustee on the fund, that he had discussed it not only with him, but also Mr. Hoffa was present.

Mr. KENNEDY. So the welfare fund now has a further reason, since 1951, and almost an obligation, to retain this insurance company because of the fact that they have an investment of some \$350,000 in it?

Mr. UHLMANN. That question has been raised many times.

Mr. KENNEDY. I just asked you a question.

Mr. UHLMANN. I beg your pardon. Yes, my answer to that would be "Yes."

Mr. KENNEDY. And if the Teamsters pull out their insurance, this insurance company itself has very few other accounts; is that not correct?

Mr. UHLMANN. That is correct.

Mr. KENNEDY. And could not survive without the insurance of the Teamsters?

Mr. UHLMANN. As a matter of fact, before the present management bought control into the company, an actuarial study was made by those people and this person had stated that in his judgment if the two funds were to withdraw from this company, it would set the company back approximately 7 years.

Mr. KENNEDY. Let me ask you about another matter.

Do we find that Mr. Hoffa—you gave an instance this morning—personally negotiated some of the policy decisions and the insurance terms of the welfare fund?

Mr. UHLMANN. Yes, we did find such evidence.

Mr. KENNEDY. Was that a violation of the law?

Mr. UHLMANN. Well, under section 302(c)(5) of the Taft-Hartley, it is stipulated that with respect to trustee welfare funds only trustees of such funds may negotiate insurance for one thing and have anything to do with the operations of the fund itself, particularly where the employees are engaged in interstate commerce, which is the case with respect to the Teamsters.

Mr. KENNEDY. What evidence do we have that he personally engineered the negotiations?

Mr. UHLMANN. I have a letter before me dated March 7, 1952, from Dr. Perlman to Mr. Hoffa in which he says that he tried to reach him, Hoffa, by telephone several times because he wanted to discuss with him the matter of renewing the Michigan conference policy as of April 1, 1952.

In response to that, at the time, Mr. Hoffa was at Hot Springs, Ark., and he wired Dr. Perlman to the effect that he was not well and he would not be able to return until the middle of April to sign the contract.

On March 24, 1952, there was a letter written by Dr. Perlman to Mr. Allen Dorfman in which Dr. Perlman refers to the telegram from Mr. Hoffa indicating that he would not be able to negotiate and sign the contract for the following policy year because he was in Hot Springs for his health. He then pointed out some other factors that are not particularly relevant, but this correspondence is aimed at this question.

We now have a letter dated April 1, 1952, from Dr. Perlman to Mr. Hoffa, in which he states that it is his desire to have an increase in the premiums of 25 cents a member per month, and that he wants the surgical benefits for the dependents reduced from \$300 to \$200, and that he wants the hospital expenses of the dependents reduced from \$160 to \$120.

The CHAIRMAN. What communication are you testifying from now?

Mr. UHLMANN. I am testifying from a letter written by Dr. Perlman to Mr. Hoffa dated April 1, 1952, with reference to the renewal of the Michigan Conference of Teamsters Insurance Group Policy for the second policy year.

The CHAIRMAN. Let these letters and documents from which the witness has been testifying be made exhibit 225 A, B, C, and in the order of his reference to them.

(The documents referred to were marked "exhibits Nos. 225A, et seq" for reference and may be found in the files of the subcommittee.)

The CHAIRMAN. Now, you may continue if you have other documents, and they will be made a part of exhibit 225 identified by letters in the order that you refer to them.

Will you proceed?

I am referring to documents and letters pertaining to this subject matter in particular.

Mr. KENNEDY. I do not think it is necessary to go through all of them, and you gave us one instance. At the beginning he indicated by the exchange of correspondence that Mr. Hoffa was not going to be able to get back in time to negotiate on this matter, and that later on the correspondence showed that he returned and he was able to participate?

Mr. UHLMANN. Yes, and he did.

The CHAIRMAN. About what date did he participate, after his return?

Mr. UHLMANN. It was April 8, 1952. That was read into the record this morning.

The CHAIRMAN. All right.

Mr. KENNEDY. Have you made all of those letters a part of the record?



Mr. UHLMANN. Yes.

Mr. KENNEDY. Then there was a letter on April 8, 1952, where the representative of the company addresses an envelope to Dr. Perlman and tells him not to be sending all the correspondence to Mr. Hoffa; that for the record's sake, at least, it should be sent to the trustees; is that right?

Mr. UHLMANN. Yes, sir. We have a letter written by Mr. Schwartz to Dr. Perlman, pointing out to him that correspondence—this letter is dated April 8, 1952—pointing out to him that correspondence relating to welfare fund operations have theretofore been addressed to Mr. Hoffa, and he admonishes Dr. Perlman for it, and urges him to have those communications addressed to the trustees in the future as a matter of record.

The CHAIRMAN. That letter will be made exhibit No. 226.

(The letter referred to was marked "Exhibit No. 226" for reference and will be found in the appendix on p. 16184.)

The CHAIRMAN. As I understand from that, although the letter will speak for itself, according to your interpretation of it, apparently Mr. Hoffa was bossing the fund. There wasn't any question about that, but just for the appearance of the thing, that letter regarding it, instead of being addressed to Mr. Hoffa, should be addressed to the trustees; is that correct?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. Very well.

Mr. KENNEDY. Now, I think we might call Mr. Findlay to go into the checks that have been written to cash and checks that have been written to Mr. Allen Dorfman.

The CHAIRMAN. Mr. Findlay, come forward.

#### TESTIMONY OF JOHN P. FINDLAY—Resumed

Mr. KENNEDY. This, Mr. Chairman, we also consider of extreme importance. This money all went to Allen Dorfman. Our attempt is to try to trace it from there. Mr. Findlay will show what the records of Mr. Dorfman show concerning the disposition of these large sums of money.

The CHAIRMAN. Where were these sums of money derived from which you are speaking of at the present. What are the sources of the funds? You say they all went to Mr. Dorfman.

Mr. FINDLAY. We obtained certain checks from the insurance company in Mount Vernon; we obtained checks from Allen Dorfman's personal account; and we reviewed the checks drawn by the Allen Dorfman entities.

In addition to that, we also checked on certain personal bank loans which Mr. Dorfman had made. The review was made of these items for the period from 1949 to 1957. There was a total of \$332,427 of checks.

The CHAIRMAN. How much?

Mr. FINDLAY. \$332,427. It comprises checks drawn to the order of Allen Dorfman and cashed, totaling \$270,508.

The CHAIRMAN. Is that a part of the \$332,000?

Mr. FINDLAY. It is a part of the \$332,000.

The CHAIRMAN. What was the amount?



Mr. FINDLAY. \$270,508. There were 153 checks included in that total which we have, either the originals or photostats thereof, showing that Allen Dorfman personally cashed these checks. They were not deposited in his personal bank account.

The balance of \$61,919 represents items that were drawn through Allen Dorfman's personal checking account. The checks were missing, had apparently been withdrawn, and since we were unable to determine who the payee was, Allen maintaining that he does not keep a check-stub book, we considered that these checks had been cashed by him inasmuch as we have the charge on his personal bank statement. We are unable to determine the disposition of these funds.

The CHAIRMAN. Let us see if we can get this so that we can understand it. You mentioned the amount of \$332,427.

Mr. FINDLAY. Yes.

The CHAIRMAN. What is that amount?

Mr. FINDLAY. That represents items which Allen has cashed or has drawn on his personal bank account.

The CHAIRMAN. These are expenses or items on his personal bank account for the period from 1949 through 1957?

Mr. FINDLAY. No, sir. The item of \$61,919 that I referred to represents items drawn through his personal bank account, for which we did not have checks.

The CHAIRMAN. I understand. What is the \$332,000 item?

Mr. FINDLAY. It represents items which Allen personally cashed, or checks which he drew on his personal account which were missing and were considered as cashed.

The CHAIRMAN. What fund does that represent, the \$332,000? Out of what fund is that?

Mr. FINDLAY. Well, the checks of \$270,508 which we have copies of were obtained from various sources. They were obtained from the insurance company in Mount Vernon; they were obtained from his joint account with his mother; they were obtained through his personal bank account; and any sources whatsoever where Allen actually signed for the cash.

Mr. KENNEDY. This is all the cash that he had available in checks to him and checks to cash, during this 9-year period, from various sources?

Mr. FINDLAY. From various sources; yes.

Mr. KENNEDY. There will be a second matter that we will get into in a moment, Mr. Chairman, in connection with the expenses.

Mr. FINDLAY. I can answer your question, Senator, to the extent of the amount of checks which we have on hand of \$270,508. Shall we start with that?

He got from the United Public Service Corp.—

Senator ERVIN. Before you go into that, I would like to ask one question to clarify my mind. What you are stating is that from your investigations of the records which you could obtain, during the period from 1949 through 1957, through December of 1957, that the records indicate that Allen Dorfman secured \$332,427 in cash?

Mr. FINDLAY. That is right.

Senator ERVIN. And that there were no records furnished to you by him or made available to you by which you could determine what Allen Dorfman did with this \$332,427?

Mr. FINDLAY. That is right.

Senator ERVIN. I will ask you if your investigation does not indicate that this was the way the moneys were handled by Allen Dorfman, that they were handled in such a way as to conceal what he ultimately did with the \$332,427?

Mr. FINDLAY. That is right.

Senator ERVIN. If a man had been trying to hide what he had done with the \$332,427, he couldn't have devised a more effective method of handling the funds than was pursued by Allen Dorfman to accomplish that purpose, could he?

Mr. FINDLAY. That is right, inasmuch as they are all cash. Of course, we asked Allen Dorfman and his attorney for an explanation of certain of these items, and they said the information would not be given to the committee examiner; that it might be given to the committee.

The CHAIRMAN. In other words, if I understand it, what you are going into this personal account for here is to show the large sums of money. We have already shown that there were excessive commissions and other excessive premiums and so forth paid out of these funds for this service and for this protection; you have shown that.

Mr. FINDLAY. That is right.

The CHAIRMAN. Now you are showing the large amount of funds that passed through Allen Dorfman's hands for which there is no accounting?

Mr. FINDLAY. No accounting or no explanation obtainable.

The CHAIRMAN. Apparently no explanation is available to us as of this moment.

Mr. FINDLAY. That is right.

The CHAIRMAN. That is, to show what had become of what would average about \$40,000 a year or in excess of \$40,000 a year during that time; is that correct?

Mr. FINDLAY. That is right.

The CHAIRMAN. All right.

Mr. KENNEDY. Do we have a memorandum for each one of those 150 checks?

Mr. FINDLAY. For each one of the 138 checks; yes.

Mr. KENNEDY. Would you furnish a copy to the chairman and Senator Ervin so that they can follow?

Some of these withdrawals to cash, Mr. Chairman, are of extreme significance, and although—

The CHAIRMAN. Have you compiled a list of the checks that go to make up the \$270,508?

Mr. FINDLAY. Yes, I have it here.

The CHAIRMAN. You have it there?

Mr. FINDLAY. And I have the checks.

The CHAIRMAN. You compiled that list of them, did you?

Mr. FINDLAY. Yes, sir.

The CHAIRMAN. That list may be published in the record at this point.

(The list of checks referred to is as follows:)

## MEMORANDUM

SEPTEMBER 16, 1958.

To: The files.

From: John P. Findlay.

Subject: Allen M. Dorfman—Checks cashed and cash withdrawals together with missing items presumably cashed.

1. As shown by the attached summary and documents, Allen M. Dorfman cashed checks or withdrew cash from his joint savings bank account a total of \$270,508.33, comprising 153 items, by years as follows:

1949-----	\$6,403.59	1955-----	\$9,289.45
1950-----	47,942.66	1956-----	21,175.00
1951-----	63,471.01	1957-----	48,500.00
1952-----	10,645.16		
1953-----	47,033.19	Total-----	270,508.33
1954-----	16,048.27		

2. As shown by the attached summary, checks issued payable to Allen M. Dorfman or drawn by him on his personal bank account were missing and presumably cashed, totaling \$61,919.13, comprising 38 items, by years as follows:

1949-----	\$1,000.00	1956-----	\$28,008.50
1953-----	6,500.00	1957-----	500.00
1954-----	22,410.63		
1955-----	3,500.00	Total-----	61,919.13

Written requests were made of Stanford Clinton (Allen Dorfman's attorney) to produce the above documents during the course of the examination of the Dorfman records.

3. The total of such checks cashed and withdrawals made (par. 1) plus items missing and presumably cashed (par. 2) totals \$332,427.46, comprising 191 items by years as follows:

Year	Checks cashed or withdrawals	Missing checks or bank charges	Together
1949-----	\$6,403.59	\$1,000.00	\$7,403.59
1950-----	47,942.66		47,942.66
1951-----	63,471.01		63,471.01
1952-----	10,645.16		10,645.16
1953-----	47,033.19	6,500.00	53,533.19
1954-----	16,048.27	22,410.63	38,458.90
1955-----	9,289.45	3,500.00	12,789.45
1956-----	21,175.00	28,008.50	49,183.50
1957-----	48,500.00	500.00	49,000.00
Total-----	270,508.33	61,919.13	332,427.46

It should be stated that the above is exclusive of checks cashed by Allen Dorfman drawn on his personal bank account between 1949 and December 1953 which he stated were destroyed.

4. There is false testimony on the part of Lucille Ferkin, Dorfman's secretary, at the hearings on November 23, 1953, in the investigation of welfare funds and racketeering. On page 90, she denied having ever cashed checks payable to Allen Dorfman from Union Casualty Co. or United Public Service Corp. The

attached schedule of checks payable to Allen Dorfman which were cashed shows Lucille Ferkin as an endorser on the following 14 checks totaling \$9,660.11:

Date cashed	Drawer	Check No.	Amount
Apr. 21, 1950	United Public Service	8748	\$229.03
June 24, 1950	do.	9060	11.63
Do.	do.	9068	27.23
Do.	do.	9073	39.88
Aug. 28, 1950	Union Casualty Co.	6631	3,000.00
Aug. 30, 1950	United Public Service	9312	7.44
Do.	do.	9316	6.61
Do.	do.	9348	8.25
Do.	do.	9355	53.10
Do.	do.	9367	14.49
Sept. 1, 1950	do.	9375	20.23
Apr. 16, 1951	do.	10407	3,738.16
Do.	do.	10408	2,500.00
Sept. 12, 1951	do.	11804	4.01

Schedules attached.  
JPF/rby

ALLEN M. DORFMAN

*Chronology of checks cashed and cash withdrawals*

Date check cashed, withdrawal, or bank clearance	Number of check	Amount	Source of funds	Reference
<i>1949</i>				
Feb. 9	6931	\$202.82	United Public Service Corp.	1
Feb. 10	6940	25 00	do.	2
Sept. 20	5337	1,000 00	Union Casualty Co.	3
Sept. 21	5118	204 16	do.	4
Do.	5212	387 20	do.	5
Oct. 8	7896	294 02	United Public Service Corp.	6
Oct. 22	7986	293 00	do.	7
Nov. 16	5503	700 00	Union Casualty Co.	8
Nov. 18	8117	310 03	United Public Service Corp.	9
Nov. 23	5547	2,000.00	Union Casualty Co.	10
Dec. 13	8205	987 36	United Public Service Corp.	11
1949 total		6,403 59		
<i>1950</i>				
Jan. 16	5748	500 00	Union Casualty Co.	13
Jan. 19	8347	623.16	United Public Service Corp.	12
Feb. 10	5828	2756.75	Union Casualty Co.	14
Feb. 16	8509	277.84	United Public Service Corp.	15
Mar. 6	5914	758 00	Union Casualty Co.	16
Mar. 16	8645	177.91	United Public Service Corp.	17
Mar. 31	8700	29.98	do.	18
Apr. 5	6079	2,000 00	Union Casualty Co.	19
Apr. 21	8748	229 03	United Public Service Corp.	20
Apr. 28	8839	100.00	do.	21
June 1	8937	1 35	do.	22
June 8	8999	322 99	do.	23
June 24	9060	11.63	do.	24
	9068	27.28	do.	25
	9073	39.88	do.	26
July 6	9089	37.16	Union Casualty Co.	27
Do	9103	26.58	United Public Service Corp.	28
Do	6424	7,429.72	do.	29
Do	9128	2.54	do.	30
July 13	9158	99.43	do.	31
Do	9168	28.06	do.	32
Aug. 7	9189	8.05	do.	33
Do	9191	17.53	do.	34
Do	9220	12.09	do.	35
Do	9248	5.36	do.	36
Do	9259	10.20	do.	37
Do	6251	1,875.00	Union Casualty Co.	38
Do	6522	134.41	do.	39
Do	6538	4,939.95	do.	40
Do	6539	261.26	do.	41
Do	9260	8.48	United Public Service Corp.	42
Do	9269	3,311.39	do.	43
Do	9275	1,218.75	do.	44



## Chronology of checks cashed and cash withdrawals—Continued

Date check cashed, withdrawal, or bank clearance	Number of check	Amount	Source of funds	Refer- ence
<i>1950</i>				
Aug. 28.....	6631	3,000.00	Union Casualty Co.....	45
Aug. 30.....	9312	7.41	United Public Service Corp.....	46
Do.....	9316	6.61	do.....	47
Do.....	9348	8.25	do.....	48
Do.....	9355	53.10	do.....	49
Do.....	9367	14.49	do.....	50
Sept. 1.....	9375	20.23	do.....	51
Sept. 20.....	9461	2,500.00	do.....	52
Sept. 29.....	9491	5.40	do.....	53
Do.....	6737	880.20	Union Casualty Co.....	54
Oct. 3.....	9511	71.55	United Public Service Corp.....	55
Oct. 9.....	6795	976.55	Union Casualty Co.....	57
Do.....	9556	69.16	do.....	58
Do.....	9539			
Oct. 10.....	9539	1,514.27	United Public Service Corp.....	56
Oct. 18.....	9562	3,396.75	do.....	59
Do.....	9582	37.85	do.....	60
Oct. 30.....	9643	61.74	do.....	61
Nov. 9.....	9702	3,626.15	do.....	63
Nov. 14.....	9695	68.41	do.....	62
Dec. 7.....	9723	4.23	do.....	64
Dec. 14.....	9850	4,186.20	do.....	65
Dec. 23.....	9853	152.32	do.....	66
1950 Total.....		47,942.66		
<i>1951</i>				
Jan. 3.....	7143	208.00	Union Casualty Co.....	67
Jan. 4.....	7181	2,014.15	do.....	68
Do.....	7182	827.56	do.....	69
Jan. 18.....	10000	189.50	United Public Service Corp.....	70
Do.....	10002	2,212.90	do.....	71
Do.....	10023	100.00	do.....	72
Feb. 15.....	10165	2,500.00	do.....	73
Do.....	10168	1,852.30	do.....	74
Mar. 2.....	7440	115.00	Union Casualty Co.....	75
Mar. 27.....	10222	1,968.50	United Public Service Corp.....	76
Apr. 16.....	10407	3,738.16	do.....	77
Do.....	10408	2,500.00	do.....	78
Apr. 20.....	10456	100.00	do.....	81
May 3.....	10437	74.00	do.....	79
Do.....	10441	3,599.96	do.....	80
June 5.....	7862	5,694.30	Union Casualty Co.....	82
June 18.....	10702	3.66	United Public Service Corp.....	83
Do.....	10716	4,638.81	do.....	84
July 23.....	10849	2,908.16	do.....	85
Do.....	10850	67.50	do.....	86
July 24.....	8118	4,896.58	Union Casualty Co.....	87
Aug. 15.....	10961	96.57	United Public Service Corp.....	88
Sept. 10.....	10971	4,319.20	do.....	89
Do.....	8220	1,903.70	Union Casualty Co.....	90
Sept. 21.....	11084	4.01	United Public Service Corp.....	91
Do.....	8366	2,764.10	Union Casualty Co.....	92
Do.....	11102	2,823.28	United Public Service Corp.....	93
Nov. 5.....	8473	2,308.11	Union Casualty Co.....	94
Do.....	11215	3,243.00	United Public Service Corp.....	95
Nov. 28.....	8609	2,425.68	Union Casualty Co.....	97
Nov. 30.....	11358	300.00	United Public Service Corp.....	96
Dec. 21.....	11380	2,811.16	do.....	98
Do.....	11460	493.16	do.....	99
1951 total.....		63,471.01		
<i>1952</i>				
Jan. 10.....	11622	3,105.00	do.....	103
Jan. 11.....	11573	100.00	do.....	102
Jan. 15.....	8829	2,280.00	Union Casualty & Life Insurance Co.....	100
Do.....	11553	95.15	United Public Service Corp.....	101
Feb. 13.....	9020	2,214.50	Union Casualty & Life Insurance Co.....	104
Do.....	1011	2,840.51	United Public Service Corp.....	105
1952 total.....		10,645.16		

*Chronology of checks cashed and cash withdrawals—Continued*

Date check cashed, withdrawal, or bank clearance	Num- ber of check	Amount	Source of funds	Refer- ence
<i>1953</i>				
Apr. 30.....		8,000.00	Allen & Rose Dorfman, joint savings account.....	106
Mar. 26.....	LD 205	22,471.92	Commercial State Bank & Trust Co.— Allen M. Dorfman loan account.....	107
Aug. 6.....	5729	335.21	Union Insurance Agency of Illinois.....	108
Do.....	5730	122.00	do.....	109
Oct. 22.....	6178	3,104.06	Union Insurance Agency of Illinois.....	110
Oct. 23.....	6221	500.00	do.....	111
Dec. 2.....	( <sup>1</sup> )	10,000.00	Allen and Rose Dorfman—joint sav- ings.....	112
Dec. 4.....	6422	2,000.00	Union Insurance Agency of Illinois.....	113
Dec. 11.....	6474	500.00	do.....	114
1953 total.....		47,033.19		
<i>1954</i>				
Jan. 11.....	1343	400.00	Allen M. Dorfman checking account.....	115
Jan. 15.....	( <sup>1</sup> )	10,000.00	Allen and Rose Dorfman—joint sav- ings.....	116
Mar. 2.....	1442	500.00	Allen M. Dorfman checking account.....	117
Apr. 14.....	7045	500.00	Union Insurance Agency of Illinois.....	118
May 21.....	7151	500.00	do.....	119
Do.....	7208	500.00	do.....	120
Do.....	7308	500.00	do.....	121
June 18.....	7465	548.27	do.....	122
Do.....	7466	300.00	do.....	123
July 14.....	7524	300.00	do.....	124
Oct. 15.....	7993	2,000.00	do.....	125
1954 total.....		16,048.27		
<i>1955</i>				
Jan. 13.....	8478	489.45	do.....	126
Feb. 4.....	8514	1,000.00	do.....	127
Mar. 15.....	346	5,000.00	Dover Insurance Agency.....	127a
May 16.....	9051	300.00	Union Insurance Agency of Illinois.....	128
June 3.....	9138	500.00	do.....	129
Aug. 10.....	3393	2,000.00	do.....	130
1955 total.....		9,289.45		
<i>1956</i>				
Mar. 26.....	510	\$15,000.00	Allen Dorfman checking account.....	131
Apr. 12.....	2102	150.00	do.....	132
	132	125.00	Windsor Investment Co.....	
July 17.....	2154	300.00	Allen Dorfman checking account.....	133
Aug. 16.....	( <sup>2</sup> )	2,000.00	Union Insurance Agency of Illinois.....	134
Aug. 19.....	( <sup>3</sup> )	100.00	Allen Dorfman checking account.....	135
Aug. 20.....	235	500.00	Amalgamated Insurance Agency.....	135a
Oct. 29.....	590	1,000.00	do.....	135b
Nov. 2.....	( <sup>3</sup> )	2,000.00	Union Insurance Agency of Illinois.....	136
1956 total.....		21,175.00		
<i>1957</i>				
Feb. 5.....	2371	10,000.00	Allen M. Dorfman checking account.....	137
Feb. 8.....	1059	1,000.00	Amalgamated Insurance Agency Serv- ice.....	138
Mar. 20.....	11516	1,000.00	Union Insurance Agency of Illinois.....	139
Apr. 22.....	( <sup>4</sup> )	14,000.00	Allen M. Dorfman checking account.....	139a
	11558	2,000.00	Union Insurance Agency of Illinois.....	140
	1121	2,000.00	Dover Insurance Agency, Inc.....	141
	1453	2,000.00	Amalgamated Insurance Agency Serv- ice.....	142
	1454	3,000.00	do.....	143
	( <sup>1</sup> )	7,000.00	Allen and Rose Dorfman joint savings account.....	144
July 24.....	1681	2,500.00	Amalgamated Insurance Agency Serv- ice.....	145
	1149	2,500.00	Dover Insurance Agency, Inc.....	146
Sept. 25.....	11669	1,000.00	Union Insurance Agency of Illinois.....	147
Dec. 4.....	11806	500.00	do.....	148
1957 total.....		48,500.00		

<sup>1</sup> Withdrawal slip.<sup>2</sup> Travelers check.<sup>3</sup> Counter check.<sup>4</sup> No number.

*Checks missing and presumably cashed*

Drawer	Payee	Date of check or bank charge	Check No.	Amount
<i>1949</i>				
Union Casualty Co.....	Allen Dorfman.....	Aug. 1949	5266	\$1,000.00
1949 total.....				1,000.00
<i>1953</i>				
Union Insurance Agency of Illinois.....	Allen Dorfman.....	June 22, 1953	5594	390.00
Do.....	do.....	Aug. 13, 1953	5830	5,200.00
Allen Dorfman.....	(1).....	Dec. 11, 1953	(1)	1,000.00
1953 total.....				6,590.00
<i>1954</i>				
Union Insurance Agency of Illinois.....	Allen Dorfman.....	Feb. 3, 1954	6719	500.00
Allen Dorfman.....	(1).....	Feb. 5, 1954	(1)	4,943.63
Union Insurance Agency of Illinois.....	Allen Dorfman.....	Feb. 24, 1954	6741	500.00
Do.....	do.....	Mar. 26, 1954	6871	500.00
Do.....	do.....	do.....	6919	500.00
Do.....	do.....	do.....	7001	500.00
Do.....	do.....	Apr. 2, 1954	7012	5,000.00
Allen Dorfman.....	(1).....	Apr. 14, 1954	(1)	270.00
Do.....	(1).....	Apr. 19, 1954	(1)	200.00
Do.....	(1).....	May 10, 1954	(1)	500.00
Union Insurance Agency of Illinois.....	Allen Dorfman.....	June 4, 1954	7360	500.00
Do.....	do.....	June 21, 1954	7459	500.00
Do.....	do.....	July 2, 1954	7507	500.00
Do.....	do.....	July 16, 1954	7559	500.00
Do.....	do.....	July 30, 1954	7652	500.00
Allen Dorfman.....	(1).....	Aug. 11, 1954	(1)	1,000.00
Union Insurance Agency of Illinois.....	Allen Dorfman.....	Aug. 13, 1954	7707	500.00
Do.....	do.....	Aug. 27, 1954	7795	500.00
Do.....	do.....	Sept. 10, 1954	7842	500.00
Do.....	do.....	Sept. 24, 1954	7936	500.00
Do.....	do.....	Oct. 8, 1954	7977	500.00
Do.....	do.....	Oct. 22, 1954	8078	500.00
Do.....	do.....	Nov. 5, 1954	8138	500.00
Do.....	do.....	Nov. 19, 1954	8231	500.00
Do.....	do.....	Dec. 3, 1954	8277	500.00
Do.....	do.....	Dec. 17, 1954	8366	500.00
Do.....	do.....	Dec. 31, 1954	8417	500.00
1954 total.....				22,410.63
<i>1955</i>				
Union Insurance Agency of Illinois.....	Allen Dorfman.....	Jan. 14, 1955	145	1,000.00
Do.....	do.....	Mar. 22, 1955	8780	500.00
Do.....	do.....	Nov. 1, 1955	9777	2,000.00
1955 total.....				3,500.00
<i>1956</i>				
Allen Dorfman.....	(1).....	Apr. 18, 1956	(1)	15,000.00
Do.....	(1).....	May 2, 1956	(1)	4,000.00
Do.....	(1).....	June 26, 1956	(1)	9,008.50
1956 total.....				28,008.50
<i>1957</i>				
Allen Dorfman.....	(1).....	Apr. 24, 1957	(1)	500.00
1957 total.....				500.00

<sup>1</sup> Allen Dorfman states he does not have check stubs, therefore it was not possible to determine check number or payee.

The CHAIRMAN. Now, if you will, let us have a copy of it and we will follow you as you make explanations about it.

Mr. FINDLAY. I should first like to give you the analysis by years, if you would like to have that.

The CHAIRMAN. Very well.

Starting by the years, give us the amount that is covered by this list, beginning with 1949. What is the amount?

Mr. FINDLAY. That list is \$270,508, and I have already testified that there are checks missing from Allen Dorfman's personal accounts for \$61,000, which comprises the \$332,000 that we have to account for.

The CHAIRMAN. That makes \$332,427.

Mr. FINDLAY. Yes.

The CHAIRMAN. But you list here, as I see it, where you show——

Mr. FINDLAY. In 1949, the first year, there was \$7,404.

The CHAIRMAN. That includes \$1,000 that you have no check for?

Mr. FINDLAY. It is missing, and which is included in with the \$61,000.

The CHAIRMAN. All right.

Mr. FINDLAY. In 1950, there is \$47,943.

The CHAIRMAN. That was 1950. All right.

Mr. FINDLAY. In 1951, \$63,471.

The CHAIRMAN. All right.

Mr. FINDLAY. In 1952, it is \$10,645; in 1953, \$53,533.

The CHAIRMAN. Plus how much that you had no checks for?

Mr. FINDLAY. Well, this is checks and no-checks combined.

The CHAIRMAN. You show 1953 down here that you couldn't find checks for \$6,500.

Mr. FINDLAY. At the back of that schedule, Senator, there is a listing of checks missing.

The CHAIRMAN. Very well. Go ahead.

Mr. FINDLAY. In 1954, there is \$38,459.

The CHAIRMAN. \$38,000 what?

Mr. FINDLAY. \$38,459.

The CHAIRMAN. That includes \$22,410, and \$16,048.27; is that correct?

Mr. FINDLAY. That is right. That is a bank loan which he cashed.

The CHAIRMAN. Why are the two separate? You listed \$16,048.

Very well. Proceed.

Mr. FINDLAY. In 1955, there is \$12,789; in 1956, \$49,183; and in 1957, \$49,000.

That total is \$332,427, which he has to account for. The source of this \$332,427 was the following: He got from the United Public Service Corp. \$78,390; he got from Union Casualty Co., \$45,568; he drew from the Allen and Rose Dorfman joint savings account \$35,000; he got a bank loan from the Commercial State Bank for \$22,471; he got cash from his own agency, the Union Insurance Agency of Illinois, \$40,450; and from other Dorfman entities he received \$24,130.

That represents \$270,508 worth of checks from various sources for which we have either the original or photostats of the checks shown on the summary which you are looking at.

Then at the back of the summary we have listed checks missing from Allen Dorfman's personal checking account or other sources of \$61,919, totaling the \$332,427 which we attempted to account for.

Mr. KENNEDY. Could you give us two or three examples to show the large withdrawals of cash?

Mr. FINDLAY. Yes.

Mr. KENNEDY. Then, Mr. Chairman, as the hearings develop, perhaps not today or tomorrow, but subsequently, these dates will be shown to be of particular significance, by actions of certain other individuals.



Mr. FINDLAY. I have mentioned that there was a drawing from the Allen Dorfman and Rose Dorfman, his mother, Allen and Rose joint savings account, the account with his mother, of \$35,000.

In April of 1953 he withdrew \$8,000; on December 2, 1953, he withdrew \$10,000; on January 15, 1954, he withdrew \$10,000; and on April 22, 1957, he withdrew \$7,000.

We asked Allen Dorfman for an explanation of the disposition of these funds, and as I say, he refused to give us any explanation whatsoever on the withdrawals from the joint savings account.

Mr. KENNEDY. For instance, on April 22, 1957, how much money did he withdraw and have available for himself in cash?

Mr. FINDLAY. He withdrew \$7,000 on April 22 from the joint savings account.

Mr. KENNEDY. I am talking about completely. How much money did he withdraw on that day?

Mr. FINDLAY. He withdrew \$30,000 on that day.

Mr. KENNEDY. On April 22?

Mr. FINDLAY. On April 22.

The CHAIRMAN. Was that withdrawn in cash?

Mr. FINDLAY. It comprised about five items. Shall I give you the details?

The CHAIRMAN. No. Did he withdraw it in cash? Were these withdrawals in cash?

Mr. FINDLAY. Yes. They are all in cash.

The CHAIRMAN. In other words, he got \$30,000 that day in cash?

Mr. FINDLAY. In cash.

The CHAIRMAN. And he got it from six different sources; is that correct?

Mr. FINDLAY. Yes. I have to refer to the particular item.

The CHAIRMAN. I am going by this list that you have supplied the members.

Mr. FINDLAY. Yes. There are six different items.

The CHAIRMAN. The largest one being for \$14,000.

Mr. FINDLAY. The \$14,000 item; yes.

The CHAIRMAN. And then there were three for \$2,000 each?

Mr. FINDLAY. Three for \$2,000, one for \$3,000, and one for \$7,000.

The CHAIRMAN. That makes the \$30,000 that he withdrew that day in cash from those sources?

Mr. FINDLAY. Yes.

The CHAIRMAN. All right.

Mr. KENNEDY. That date is going to be of some significance. That is April 22, 1957.

Senator MUNDT. Does the record show whether he withdrew that money from the banks or did he take it out of the cash account of one of the insurance companies, or where did the money actually come from?

Mr. FINDLAY. Well, the first item of \$7,000 he withdrew from the joint savings account of Allen and Rose Dorfman.

Senator MUNDT. Did you find out whether that was withdrawn in big bills or small bills, or how it was withdrawn?

Mr. FINDLAY. Well, this is the Exchange National Bank, and I do not think it would have cooperated to that extent, and in fact, we had difficulty in recording the different items.

Senator MUNDT. \$7,000 even in hundred dollar bills is a pretty good sized load of alfalfa hay, and if lower than that it is a pretty big bundle of currency. I wonder if he took it out in \$1,000 bills, or \$500 bills or bills of the denomination of which banks customarily keep a record when they hand out superduper bills.

Mr. FINDLAY. We could not obtain any information on that score. On the same day he drew a check for \$14,000 on his personal bank account and endorsed the check at the bank and received the money, and that check being of such a size I asked Allen about it and he refused to give me information. But the following day his attorney advised me that Allen had said the money had gone into their safe deposit box in the Exchange National Bank.

Senator ERVIN. To simplify this thing so that a man used to thinking in small figures can readily understand it, from the records which you were able to obtain during a period of 9 years, beginning in 1949 and ending in 1957, Allen Dorfman got \$332,427 in cash for which you have been unable to obtain any record to show what he did with it and which he has refused to tell you what he did with it?

Mr. FINDLAY. That is right.

Senator ERVIN. When you average that over a year, breaking it down, averaging it over the years, that was equivalent to an average of \$36,936 a year.

Mr. FINDLAY. Yes, sir.

Senator ERVIN. If my arithmetic be correct?

Mr. FINDLAY. Yes, sir.

Senator ERVIN. And breaking it down a little further, it was slightly over \$100 a day, counting Sundays and holidays each of those 9 years?

Mr. FINDLAY. That is correct.

There is one additional thing on this. Allen Dorfman stated that his bank statements prior to December of 1953 had been destroyed, so that we were unable to trace any items of a cash nature between the period of 1949 and 1953, so this \$332,000 is a minimum figure. His personal bank records were said to have been destroyed prior to December of 1953.

Senator ERVIN. And he told you with respect to some of his other bank records, he did not keep check stubs, and he made no entries on check stubs?

Mr. FINDLAY. He told us he kept no check stubs on any personal bank accounts, and therefore we were unable to determine in connection with the missing items who the payee was. We had no way of determining to whom the check was drawn, and since the check was missing it naturally was assumed to have been a cash item or an item of that kind.

Senator ERVIN. In other words, he kept no check stubs, and then when the check was cashed or whoever got it, then he destroyed the check?

Mr. FINDLAY. The check had been withdrawn from the bank statement that was turned over to us, and we were able to determine by the charges on the bank statement there was some missing items, and those items were of sizable amounts and have been listed on the schedule which Senator McClellan has.

Senator ERVIN. And he said he would not disclose to you any information as to what he had done with any of this money?

Mr. FINDLAY. That is correct.

As an example of one of the sizable items for which the check was missing, on April 18, 1956, there was a charge for \$15,000 for which the check or voucher had been withdrawn.

Mr. KENNEDY. Now, again, in 1957, we have on July 24, 1957, \$5,000 withdrawn in cash; and on February 5, 1957, \$10,000 in cash.

Mr. FINDLAY. That is right.

Mr. KENNEDY. Now, this is all in addition to his regular living expenses which he had and which, of course, are not included in this list, where we could trace the money and we have not included it?

Mr. FINDLAY. It is in addition to items which passed through his personal bank account, for which we knew what the items were for. In other words, he put through his personal bank accounts some sizable amounts, and, of course, a good many of his household expenses and investments and things of that type go through his personal bank account. Payments for items such as his Federal income tax return are made through his insurance entities, and the Union Insurance Agency of Illinois or the Amalgamated Insurance & Service Co., so that we know that he did not use any of this money in connection with payments of that type.

Mr. KENNEDY. Let me give you some further examples, and you gave the one on April 15, 1956, of \$15,000, but then on March 26, 1956, there was another \$15,000; is that not correct?

Mr. FINDLAY. That is right.

Mr. KENNEDY. And on January 15, 1954, I do not know whether we have mentioned this, but \$10,000 was withdrawn on that day?

Mr. FINDLAY. Yes, sir.

Mr. KENNEDY. In cash?

Mr. FINDLAY. Yes, and I have the 138 checks here, Mr. Kennedy, if you wish to have them.

The CHAIRMAN. Are those the originals or photostatic copies?

Mr. FINDLAY. In the case of checks issued by the United Public Service Corp. in the early years, we were able to obtain the original copies. In connection with the disbursements in the latter years, items which were cashed by Allen in which he obtained the monies from certain of his insurance entities, we have photostats.

The CHAIRMAN. The Chair will order that photostatic copies of all of the checks which the witness has in this package be made exhibit 227 in bulk, a total of 138 checks I believe the witness testified to. Is that correct?

Mr. FINDLAY. I said 138, but there are 153 checks here.

The CHAIRMAN. All right, there are 153 checks. This package of checks, being 153 separate checks, may be made exhibit 227, and wherever there are original checks we will substitute for them photostatic copies and they will be made an exhibit in bulk.

(A group of 153 checks was marked "Exhibit No. 277," for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Could we make as an exhibit this memorandum that summarizes the checks.

The CHAIRMAN. I believe I ordered that memorandum placed in the record and it has already been printed in the record.



Senator MUNDT. I was interested in the statement that you made that the personal income tax payments of Mr. Dorfman were made by checks drawn on a couple of insurance companies; is that right?

Mr. FINDLAY. Yes; his Union Insurance Agency of Illinois, which is a partnership with his mother, and the Amalgamated Insurance Agency Services, Ltd., which is a corporation owned by himself and his mother.

Senator MUNDT. He and his mother are the sole owners?

Mr. FINDLAY. They are the sole owners. Now, the payments which are made on behalf of his Federal income tax returns are charged to his drawing account in the partnership, and to him personally in the case of the corporation.

Senator MUNDT. I couldn't understand how you could make payments from an insurance company, but if he was the sole owner or the family was, that is understandable.

Mr. KENNEDY. Now, I want to go with you into another matter dealing with this, and that was his withdrawals of large sums of money from his various entities which are charged to travel expenses.

How much did he charge in travel expenses and entertainment?

Mr. FINDLAY. May I get the file, Mr. Kennedy? I do not have it handy here.

Mr. KENNEDY. All right. Will you tell us what it shows as far as Mr. Allen Dorfman's charges to travel and entertainment and promotional expenses were?

Mr. FINDLAY. A total of over \$340,000 has been charged on the books and tax returns as travel, entertainment, promotion and sales expenses for a 4 $\frac{2}{3}$ -year period, from May 1, 1953 to December 31, 1957.

On May 1, 1953, it was the first year for which the books of the Dorfman insurance entities were available. The books prior to May 1, 1953, as I have mentioned, were said to have been destroyed. The records were not completely posted through December 31, 1957, the date of the termination of our review, so that again this figure of \$340,159 is a minimum figure.

From the Union Insurance Agency of Illinois, which is the partnership of Allen and Rose, he obtained the bulk of the moneys. He received \$238,371 from that agency. He received from the Amalgamated Insurance Agency Services, \$70,342. He received from the Dover Insurance Agency, Ltd., \$7,268, and from the Windsor Investment Co., which is also a Dorfman entity, \$125, and Allen Dorfman claimed in his personal tax return for 1954 \$24,053 of unreimbursed travel expenses on behalf of the Union Insurance Agency of Illinois. The total of those items is \$340,159.

Mr. KENNEDY. Now, out of the \$340,000, how much do we find were checks directly to either airlines or a hotel or that we can trace directly?

Mr. FINDLAY. Out of the \$340,159, there is \$158,802 representing payments to hotels such as the Saxony, restaurants, airlines, clubs, liquor shops, and floral shops. In other words, they are items and direct payments considered in the nature of operating expenses of the insurance business for which he was taking them as tax deductions.

Mr. KENNEDY. So that is \$158,000 out of the \$340,000?

Mr. FINDLAY. Yes.

Mr. KENNEDY. What happened to the rest?



Mr. FINDLAY. The balance is \$181,698—\$140,760 Allen got in checks which he either cashed or deposited in his personal bank account. This \$140,000 represents periodic withdrawals of \$1,500, \$2,000, and, in some cases, items to the extent of \$11,500, in the case of one check, as high as \$11,500.

That represents actual checks drawn to the order of Allen and charged to the travel and entertainment expense of the company.

The difference of \$41,000 represents the \$24,000 which I mentioned he claimed in his 1954 tax return. Another means of obtaining credit for travel was to have the auditors prepare an analysis of his expenses based on some information furnished to him, and his drawing account was credited for \$16,885.

Mr. KENNEDY. Mr. Findlay, the important matter here is the amount of money for which there is no substantiation. What do the records show about that?

Mr. FINDLAY. Well, they show——

Mr. KENNEDY. We have found out of the \$340,000 there was \$182,000 which was paid directly to Allen or credited to him; is that right?

Mr. FINDLAY. Yes.

Mr. KENNEDY. That is the figure we are interested in. Out of that \$182,000——

Mr. FINDLAY. Allen Dorfman submitted to the committee expense vouchers totaling \$77,488.

Mr. KENNEDY. Let's call it \$78,000.

Mr. FINDLAY. \$78,000; right.

Mr. KENNEDY. So there was \$182,000 which went to Allen Dorfman directly or was credited to him. We asked Allen Dorfman for the vouchers to support that. He gave us some vouchers for some \$78,000 of that; is that right?

Mr. FINDLAY. That is right.

Mr. KENNEDY. What kind of vouchers did that consist of?

Mr. FINDLAY. Well, the vouchers were rather sketchy. They were what I would call totally unsupported vouchers. In most cases the descriptions were vague.

Mr. KENNEDY. Give us two or three examples.

Mr. FINDLAY. Well, in a period in 1956, for the period October 30 to November 2, he charged \$2,815, and the voucher read "25 prospective clients to Las Vegas." There were no names furnished.

On January 15 to February 5, 1955, he charged \$2,770. He said, "Teamsters meeting and AFL, Miami, Fla." There is no mention of the individuals.

In September of 1955 he put in a voucher for \$1,800 and just said "Miami-Havana."

In January of 1956, he put in a voucher for \$2,216, marking it "Dallas and Houston, southern conference meeting."

In the month of February 1956, there is a \$2,344 item which says, "Periodic trips to Miami, promotion."

In March of 1956 he has "St. Thomas, Miami, San Juan, and New York."

Mr. KENNEDY. But no vouchers supporting it whatsoever?

Mr. FINDLAY. No vouchers.

Mr. KENNEDY. No bills of any kind?

Mr. FINDLAY. No bills because actually the bulk of this money is marked "Entertainment."

Mr. KENNEDY. So those kinds of vouchers were submitted for \$78,000 of the \$182,000. Did he give you any vouchers for the \$104,000? Any vouchers at all? Even of this kind of voucher?

Mr. FINDLAY. He gave us none, but we explained to him that we didn't have vouchers covering the total charges that had been made to the travel accounts on his behalf, and the explanation was "You've got what was submitted."

Mr. KENNEDY. He has \$182,000 credited to him, or checks that were made out to him; and out of that \$182,000 he furnished these kinds of statements for some \$78,000 of it, and no statements of any kind for \$104,000; is that right?

Mr. FINDLAY. That is right.

Mr. KENNEDY. Ordinarily in an expense account of this kind, doesn't the ordinary citizen have to be able to support the expenses that he had, in order to be able to deduct them in his income tax?

Mr. FINDLAY. I would think so. But a review in the prior years by the Internal Revenue Service apparently was predicated on allowing him a percentage of the commissions which he had received. Inasmuch as the commissions were excessive, naturally the allowance for travel would be excessive.

Mr. KENNEDY. You say the the Internal Revenue Service made a review of his records?

Mr. FINDLAY. They made a review through the year 1952, and there was a very minor adjustment. His returns for subsequent years are now under investigation.

(At this point, Senator Mundt left the hearing room.)

Mr. KENNEDY. Hadn't the agent who was in charge of the internal revenue review of Mr. Dorfman's books been dismissed from the Internal Revenue Service?

Mr. FINDLAY. That is true.

Mr. KENNEDY. And wasn't he dismissed for his relationship that existed between him and certain individuals who he was supposed to be investigating?

Mr. FINDLAY. Yes.

Mr. KENNEDY. And that is the internal revenue agent that made the review of Mr. Dorfman's records for the period up to 1952; is that correct?

Mr. FINDLAY. That is right.

Mr. KENNEDY. That review was started after the investigation that occurred by the Hoffman committee?

Mr. FINDLAY. I believe that is so.

Mr. KENNEDY. And instead of making a further study of some of the matters that were uncovered there, there was very little done on the case, and Mr. Dorfman paid some minor back taxes and the case was closed.

Subsequently, within the last 6 or 8 months, the Internal Revenue Service agent has been investigated by the Internal Revenue Service and has been removed from office, and the case on Mr. Allen Dorfman has been reopened; is that correct?

Mr. FINDLAY. That is so.

Miller, Mandell & Co., the certified public accountants who audit the books of Allen Dorfman, they make the audit but do not furnish an affirmative opinion. In other words, they submit an opinion which is

considered a disclaimer of opinion. They state that the audit is made primarily for management purposes, and that they are not in a position to state the books and records present fairly the position of his companies at that date.

However, based on the examination of the accounts, they also prepare his Federal tax returns. In connection with the items claimed as travel and entertainment on the returns, Miller, Mandell & Co. make an analysis of the travel and entertainment expenses.

In a good many cases, sizable items which appear in the travel expense analysis are marked by Miller-Mandell "No detail," or in some cases they are marked "Texas expense reimbursement, no detail."

The CHAIRMAN. Marked what?

Mr. FINDLAY. "No detail."

The CHAIRMAN. You said something about reimbursement.

Mr. FINDLAY. In one item, in 1955, I am using this as an illustration, a disbursement on behalf of Allen in connection with a Texas expense reimbursement, they just marked "No detail."

In other sizable items where the check was drawn to Allen and they asked for an explanation, he gives them some explanation, but it does not appear in their working papers. It generally says, "Per Allen Dorfman." So it is evident that they did not have any vouchers covering these items as well.

Mr. KENNEDY. There are four or five more items I would like to get into this afternoon.

Do we have one specific instance where a deduction was taken by Mr. Dorfman that appears at the very least to be unjustified? I am talking about the \$8,000 deduction that was taken in his personal tax returns in connection with the transaction with David Probstein, about whom, Mr. Chairman, we have had some testimony in earlier hearings.

Do you have that?

Mr. FINDLAY. Yes, sir.

Mr. KENNEDY. Mr. David Probstein is the individual who headed the State Cab Co. in Indianapolis, Ind., and is the one who has disappeared.

Mr. FINDLAY. Allen Dorfman in his 1955 income-tax return claimed as a deduction an advance to David Probstein for acquisition of tax liens.

The CHAIRMAN. For what?

Mr. FINDLAY. For acquisition of tax liens, \$11,500. From that he has deducted amounts received from redemption of the loans of \$3,309; he is claiming a loss of \$8,190.36 with respect to the Probstein deal.

Mr. KENNEDY. He claimed that as a bad debt; is that right?

Mr. FINDLAY. He did.

Mr. KENNEDY. All right.

Mr. FINDLAY. In August, on August 12, 1954, Allen Dorfman drew a check to David Probstein for \$11,500 which he forwarded to Probstein and which was deposited in an account in Indianapolis. This \$11,500 that Allen forwarded Probstein was obtained from the Union Insurance Agency of Illinois on the same day.

He received a check for \$11,500. That is one of the items which was charged to travel and entertainment, although originally it was booked in the suspense account, indicating that the item was unusual. But subsequently it was journalized out by Miller-Mandell, who make a periodic review of the accounts, and charged to the Dorfman account.



With respect to that \$11,500 item, I also asked where the vouchers were for that, and was told that I had received them along with the others. However, when I called the attention of the accountant, Nathan Miller, of Miller-Mandell, to the fact that this \$11,500 apparently was the same item which was sent to David Probst, inasmuch as he had claimed it as a deduction in his personal income-tax return, and the item was also being claimed as an expense item on the books of his partnership, it was a duplication, he said, "It appears so."

The CHAIRMAN. As I understand it, on the books of the company where he got the money to loan to Probst, they charged it as an expense to that company, a travel expense, and so forth; is that correct?

Mr. FINDLAY. Yes. I have the check here.

The CHAIRMAN. They charged it originally as travel expense?

Mr. FINDLAY. They charged it originally as suspense and then transferred it to "Travel expense."

The CHAIRMAN. All right. But so far as the permanent records of that company, it is travel expense?

Mr. FINDLAY. Yes, sir.

The CHAIRMAN. And it has been deducted for income tax purposes there?

Mr. FINDLAY. Yes, sir. It is included in the figures taken as a deduction.

The CHAIRMAN. Taken as a deduction in that instance. Then since Probst didn't pay it back, it is again taken as a loss by him personally?

Mr. FINDLAY. It is claimed as an embezzlement loss in his return.

The CHAIRMAN. In his return he claimed it as embezzlement?

Mr. FINDLAY. Yes.

Mr. KENNEDY. Bad debt, I thought.

Mr. FINDLAY. Well, it is marked "Embezzlement loss."

The CHAIRMAN. I wonder how you compare that with this \$51,000 that he had out to one side this morning? Was anything said in connection with that about embezzlement?

Mr. FINDLAY. It wasn't discussed with him.

The CHAIRMAN. That wasn't on his record, but this item is an embezzlement account; is that correct?

Mr. FINDLAY. Yes.

Mr. KENNEDY. As another expense matter, Mr. Uhlmann, did Mr. Allen Dorfman have a number of his relatives on the payroll?

#### TESTIMONY OF MARTIN S. UHLMANN—Resumed

Mr. UHLMANN. Yes, sir; he did.

Mr. KENNEDY. Could you tell us what that shows, briefly? Briefly summarize the situation.

Mr. UHLMANN. Well, Mr. Dorfman carried on his payroll, apart from his mother, of course, who he is associated with, three aunts, a brother, an uncle, among others.

Mr. KENNEDY. There was Rose Ritman, who is now deceased; is that correct?

Mr. UHLMANN. Yes.

Mr. KENNEDY. What is her relation to Allen Dorfman?

Mr. UHLMANN. An aunt.



Mr. KENNEDY. Was that her real name, Ritman?

Mr. UHLMANN. That was her married name.

Mr. KENNEDY. Then he had Lynne Williams; is that right?

Mr. UHLMANN. Well, Lynne Williams was the maiden name of Allen Dorfman's wife when she was employed by his agency in 1950.

Mr. KENNEDY. She was on the payroll in her maiden name; is that right?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. Then Gertrude Prosterman?

Mr. UHLMANN. That is one of Allen Dorfman's aunts and a sister of Rose Dorfman.

Mr. KENNEDY. And William Dorfman?

Mr. UHLMANN. He is the husband of Fay Dorfman. Fay Dorfman is on the payroll of Allen Dorfman's insurance agency and William Dorfman manages the camps, the two camps, which are located in Wisconsin.

Mr. KENNEDY. So William Dorfman did not work directly for the insurance agency?

Mr. UHLMANN. He did at one time; yes, sir.

Mr. KENNEDY. Harry Ritman is the deceased husband of Rose Ritman; is that right?

Mr. UHLMANN. I am not quite certain about the relationship of Harry Ritman and Rose Ritman, but Harry Ritman, I know, was the father of Rose Ritman. I beg your pardon—of Rose Dorfman.

Mr. KENNEDY. Was he on the payroll?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. And Rose Dorfman, of course.

Mr. UHLMANN. Yes.

Mr. KENNEDY. And then Paul Dorfman?

Mr. UHLMANN. Paul Dorfman was not, shall we say, technically on the payroll, but from time to time he has received money from the insurance company.

Mr. KENNEDY. And then Fay Dorfman we mentioned, who is a switchboard operator, and Jay Dorfman, Allen's brother, was he on the payroll a while?

Mr. UHLMANN. Yes.

Mr. KENNEDY. So that is nine relatives that were on the payroll at various times, of Allen Dorfman?

Mr. UHLMANN. Yes.

Mr. KENNEDY. What is the significance of that? These were his own companies. What is the significance of that as far as we are concerned?

Mr. UHLMANN. Well, it is well recognized that nepotism sometimes—

Mr. KENNEDY. I am talking about as far as the cost is concerned.

Mr. UHLMANN. Insofar as the cost is concerned, I am not in a position to tell whether other people would have been required in their place.

Mr. KENNEDY. Do you know what the charges were to these various people?

Mr. UHLMANN. I do not have the aggregate sum of money; no, sir.

Mr. KENNEDY. Do you also have, in addition to this situation, the management representatives and various attorneys who were involved

in this situation that were on both sides as far as this insurance was concerned, represented both the Dorfman's and, in some instances, represented the unions?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. Would you give us what the situation is?

Mr. UHLMANN. Well, we have one situation which relates to a Philip D. Goodman.

Mr. KENNEDY. You have the list there. Would you just go down the list?

Mr. UHLMANN. Mr. Goodman is an attorney in Chicago, and he is on retainer with Northeastern Life Insurance Co. of New York at Mount Vernon and also retained by Allen Dorfman, or one of his companies.

Mr. KENNEDY. So he is being retained by the insurance company and by the broker; is that right?

Mr. UHLMANN. Yes. Of course, he had a part interest in one of the camps in Wisconsin.

Mr. KENNEDY. And at a time also did he not also represent the Waste Trade Industry of Chicago, which was doing the bargaining with the union that formerly belonged to Paul Dorfman?

Mr. UHLMANN. I have no information about Phil Goodman in that capacity.

Mr. KENNEDY. Then we will have information on that tomorrow.

Mr. Kunis?

Mr. UHLMANN. Well, Mr. Kunis is not an attorney.

Mr. KENNEDY. I am talking about anyone.

Mr. UHLMANN. I beg your pardon. Yes, Mr. Kunis at one time was actuary for the U.S. Life Insurance Co. which, as was developed here yesterday, carried the life portion of the insurance coverage for both the Central States and the Michigan conference policies as well as other welfare groups that were insured through both Mr. Dorfman and Leo Perlman.

Later, Mr. Kunis left U.S. Life to come with Dr. Perlman's U.S. Casualty Co. as chief actuary and vice president.

About a little over a year ago he resigned from these positions, and he since has been retained as an actuarial consultant by Northeastern Life Insurance Co., and he is also a consultant for the Republic National Life Insurance Co., which is the reinsurer for Northeastern Life, and he is consultant for the Central States pension fund, as well as for Joint Councils 43, 69, the Western Conference of Teamsters, Local 813, Local 449, among others in the Teamster group.

Mr. KENNEDY. So he serves the insurance companies, he serves the broker, and he also serves the Teamsters Union which purchases the insurance?

Mr. UHLMANN. Yes. Last summer Mr. Kunis was instrumental in having a life-insurance company formed, and his associates in that undertaking are people who are in other respects closely affiliated with the Dorfman's in other enterprises.

Mr. KENNEDY. How about Herbert Lissner?

Mr. UHLMANN. Mr. Lissner is an attorney in Chicago, and is a stockholder in several of the Dorfman noninsurance entities. He is a member of the board of directors of the Northeastern Life Insurance Co. When Leo Perlman resigned from the insurance company 2

years ago the trustees of the Michigan conference welfare fund delegated to him the power of attorney to vote their stock.

Mr. KENNEDY. He is a board member of the insurance company and also has power of attorney for the Michigan Conference of Teamsters welfare fund?

Mr. UHLMANN. Yes.

Mr. KENNEDY. Dave Previant?

Mr. UHLMANN. Dave Previant is counsel, chief counsel, I believe, for the Central States Drivers Council, and was retained at the same time by Union Casualty which is now the Northeastern Life Insurance Co.

Mr. KENNEDY. Has he also worked for Allen Dorfman?

Mr. UHLMANN. At one time he served Allen Dorfman.

Mr. KENNEDY. How about Thomas W. Reynolds?

Mr. UHLMANN. Thomas Reynolds is the claim supervisor who is employed by the Northeastern Life Insurance Co., and has been since the spring of 1951. He is physically located and stationed in Chicago in Mr. Dorfman's office for the purpose of directing all functions identified with the processing and payment of claims. There is a conflict of interest there that is a very strong one suggested, in that for a period of time he also served as a trustee for one of the health and welfare funds that were insured through the Dorfman agency.

Mr. KENNEDY. That is local 713?

Mr. UHLMANN. Local 713.

Mr. KENNEDY. And Joe Jacobs?

Mr. UHLMANN. Joe Jacobs served concurrently as Paul Dorfman's attorney when he was head of the Waste Material Handlers Union, Local 1031, and other union locals, and both for the Union Casualty Co. and the United Public Service Corp., each of which were largely controlled and owned by Dr. Perlman.

Mr. KENNEDY. Another matter: Would you present to the chairman a list of the insurance and noninsurance entities of Mr. Allen Dorfman so we could have those in the record?

Mr. UHLMANN. Yes.

The CHAIRMAN. Do you have a list of them?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. You have checked that list for accuracy, have you?

Mr. UHLMANN. Yes.

The CHAIRMAN. It is correct?

Mr. UHLMANN. It is.

The CHAIRMAN. The list may be published in the record at this point.

(The list follows:)

#### DORFMAN INSURANCE AND NONINSURANCE ENTITIES

##### Insurance entities:

- Union Insurance Agency of Illinois.
- Amalgamated Insurance Agency Services, Inc.
- Dover Insurance Agency, Ltd.
- Aldor Insurance Agency, Inc.
- Imperial Insurance Agency, Inc.
- Business Life Insurance Agencies, Inc.
- Cambridge Insurance Agency, Inc.
- Alro Agency, Inc.
- Allen Dorfman, general agent.<sup>1</sup>

<sup>1</sup> Intermeshed with Aldor.

Alro Insurance Agency, Inc.<sup>2</sup>  
 David Probststein, general agent.<sup>1</sup>  
 Cadillac Insurance Agency, Inc.<sup>3</sup>  
 Southwest Insurance Agency, Inc.<sup>3</sup>  
 West Coast Insurance Consultants, Inc.<sup>4</sup>

Noninsurance entities:

Jack O'Lantern Lodge.<sup>5</sup>  
 Joll Properties.<sup>6</sup>  
 Jack O'Lantern Lodge, Inc.  
 Tecumseh Lodge, Inc.  
 Mercury Investment Corp.  
 Pan American Investment Corp.  
 Sheridan Lien Co.  
 Windsor Investment Co.  
 Sheridan Investments, Inc.  
 New Flamboyant Hotel.  
 Northwestern Oil Co.

Mr. KENNEDY. How many insurance entities does he have at this point?

Mr. UHLMANN. There are 11 active insurance entities.

Mr. KENNEDY. Then he has some noninsurance entities; is that right?

Mr. UHLMANN. Ten noninsurance entities.

Mr. KENNEDY. Do we find from an examination of the books and records that there is a transferring of funds from one company to another?

Mr. UHLMANN. Yes. That is a common and frequent occurrence. Mr. Kennedy, I would like to point out a development which recently came to our attention in relation to one of these insurance entities, which is on the list. It is identified as the West Coast Insurance Consultants, Inc.

This company, this agency, is under contract with the Republic National Life Insurance Co., and that contract was dated last September, September of 1958.

In that agreement, it was stipulated that the West Coast Insurance Consultants, Inc., was authorized to obtain such welfare insurance as it could from Joint Council 37 of the Western Conference of Teamsters.

They did, in fact, obtain such insurance.

However, on the basis of information from the secretary of state and the Department of Insurance of the State of California, we find that this particular company is not a California corporation, and that it has not made any formal application to conduct insurance business in that State. We were also informed by the secretary of state of California that another company, identified as West Coast Insurance Consultants, was a partnership. Although the partners' names were included in the communication, the names are foreign to us.

In the State of Illinois, we discovered that the West Coast Insurance Consultants, Inc., was, in fact, incorporated there, but only of recent date, so that the contract with Republic National followed the date of its incorporation in the State of Illinois.

No application was made in that State for that company to conduct an insurance business there.

<sup>1</sup> Intermeshed with Aldor.

<sup>2</sup> Writes casualty insurance only.

<sup>3</sup> Not activated according to Allen Dorfman.

<sup>4</sup> Formed in September 1958; Sol Schwartz, a Dorfman employee, is president.

<sup>5</sup> Jack O'Lantern Lodge was succeeded by Joll Properties.



Mr. KENNEDY. Do we find that there are transactions back and forth in the financing of the various companies?

Mr. UHLMANN. Yes.

Mr. KENNEDY. Would you just give it to us briefly, please?

Mr. UHLMANN. Well, in the case of one of the companies alone, the largest of all in the Dorfman group, there is the Union Insurance Agency of Illinois, which is a partnership. We found that over a period of some 7 years or so there was an aggregate of 113 loans that were made, most of which were transactions between other companies owned or controlled by the Dorfmans.

Mr. KENNEDY. Mr. Chairman, I would like to call another witness now who is president of this company at the present time, the Northeastern Life Insurance Co.

There will be a couple of other matters that we will have to go into later, however.

The CHAIRMAN. All right. What is his name?

Mr. KENNEDY. Mr. Hutner.

The CHAIRMAN. Mr. Hutner, come forward, please.

(Members of the select committee present at this point in the proceedings were Senator McClellan and Ervin.)

The CHAIRMAN. Be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HUTNER. I do.

### TESTIMONY OF HERBERT HUTNER

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. HUTNER. My name is Herbert Hutner. I live in Harrison, N.Y. My business is president of the Northeastern Life Insurance Co. of New York.

The CHAIRMAN. Thank you very much.

You waive counsel, do you, Mr. Hutner?

Mr. HUTNER. Yes, I do.

The CHAIRMAN. You may proceed.

Mr. KENNEDY. Mr. Hutner, how long have you had an interest in Northeastern Life Insurance Co.?

Mr. HUTNER. Since May of 1956.

Mr. KENNEDY. What was the former name of this company?

Mr. HUTNER. The original name was Union Casualty. Then it was Mount Vernon Life.

Mr. KENNEDY. That is the same company we have been discussing over the period of the last 2 days; is that correct?

Mr. HUTNER. That is correct.

Mr. KENNEDY. It is an entirely different group that is now operating the company; is that right?

Mr. HUTNER. That is correct.

Mr. KENNEDY. It is headed by you?

Mr. HUTNER. That is correct.

Mr. KENNEDY. There is no affiliation with the old group?

Mr. HUTNER. None whatsoever.

Mr. KENNEDY. Tell me this: Do you still have still have any arrangement with Mr. Allen Dorfman?

Mr. HUTNER. In March, I believe, of 1958 we canceled the agency contract with Mr. Dorfman because of the fact that the New York State Insurance Department had canceled his license.

Mr. KENNEDY. And were you instructed or urged by the New York State commission to cancel your relationship with Allen Dorfman?

Mr. HUTNER. Yes; we were.

Mr. KENNEDY. What was the date in 1958?

Mr. HUTNER. I believe it was in March.

Mr. KENNEDY. In March of 1958. Since then you have had nothing further to do with Allen Dorfman?

Mr. HUTNER. That is correct.

Mr. KENNEDY. That was on the instructions and direction of the New York State commission?

Mr. HUTNER. May I mention the vested nature of his commission?

Mr. KENNEDY. Yes.

Mr. HUTNER. I asked might I mention the vested nature of the commission.

When I inherited or got into the company and went into these various contracts that we had inherited, the contract of Mr. Dorfman called for in the event of termination of a vested right to receive a commission so long as the business was on the books of the insurance company.

The CHAIRMAN. Is this the union insurance business that he had been receiving commissions on? So long as that business remained on the books, he had a contract with the company that you took over to continue to pay him a stipulated commission?

Mr. HUTNER. That is correct, sir.

Mr. KENNEDY. This giving him the vested commissions, this contract had been made back in 1953?

Mr. HUTNER. I believe originally he even earlier and then amended in 1953.

Mr. KENNEDY. Actually giving him the vested commissions?

Mr. HUTNER. I am sorry, that is correct.

Mr. KENNEDY. Mr. Chairman, this is another aspect of the whole case which is so fantastic. They began an investigation of Allen Dorfman, the New York State Insurance Department, and also a congressional committee started looking into him. It was then decided to sign a contract with the insurance company, which Allen Dorfman signed with them, giving him a vested commission, so that if they found anything wrong and improper in Allen Dorfman, even if he lost his license in the State of New York, he continued to draw the commission.

They signed the contract in 1953 or 1954, giving him the vested commission, and so, no matter what happens now, supposedly, the insurance company is stuck with Allen Dorfman, or still has to pay him the money.

The CHAIRMAN. What is the amount of it? Let us get that into the record.

Mr. HUTNER. The amount of the——

The CHAIRMAN. Of the vested commission on that you are having to pay.

Mr. HUTNER. I got some notes this morning to refresh my recollection.

The vested commission—the original commission was 1.1 percent and the vested commission is 1 percent.

Mr. KENNEDY. How much does that amount to? How much did it amount to, for instance, last year, this commission?

The CHAIRMAN. Do you know?

Mr. HUTNER. I don't have the records with me, sir.

The CHAIRMAN. That is a pretty good vested commission, isn't it?

Mr. HUTNER. Yes it is.

Mr. KENNEDY. It is approximately \$560,000. Would that sound right to you?

Mr. HUTNER. Well, it might be. I would have to check. I would be glad to give you the exact figure.

The CHAIRMAN. Do you mean \$560,000 per year?

Mr. KENNEDY. Yes.

The CHAIRMAN. That you have to pay in commissions on this union business?

Mr. HUTNER. Well, let me see. I don't think it is that much. I think the premiums came to some \$15 million, so 1 percent would be \$150,000. Isn't that right?

Mr. UHLMANN. I believe Mr. Kennedy's question was directed at all of the Dorfman group business and not confined to the two Teamster groups.

Mr. KENNEDY. The ones that he has vested commission on.

Mr. HUTNER. I understand. I would like to furnish the committee with the correct figures.

The CHAIRMAN. Will you do that?

Mr. HUTNER. I will.

The CHAIRMAN. Supply them and they will either be printed in the record at this point or made an exhibit for reference. I do not know how long the list should be. It should be comparatively short, shouldn't it?

Mr. HUTNER. Yes.

The CHAIRMAN. It will be printed in the record at this point. Supply it under your oath.

(The material to be furnished is as follows:)

NORTHEASTERN LIFE INSURANCE CO. OF NEW YORK

*Commissions paid to Union, Dover, etc., Insurance Agencies during the year 1958  
(owned by Allen and Rose Dorfman)*

Waste Material Handlers' Union-----	\$735. 95
Local 743-----	8, 863. 89
Local 1031, I.B.E.W-----	18, 830. 45
Amalgamated Insurance Agency-----	178. 87
Local 580-----	208. 74
Michigan Conference of Teamsters Welfare Fund-----	48, 990. 62
Local 405-----	625. 79
Thomas Paper Stock-----	602. 38
Waste Trades Industry-----	1, 091. 78
Contract Steel Carriers-----	104. 57
B. Cohen & Sons-----	26. 34
Mercury Record Co-----	276. 60
Local 876-----	1, 981. 83
J. L. Keeshin-----	750. 04
Local 713 "A"—Health and Welfare Fund-----	947. 70
Carnival Workers-----	1, 351. 72
Local 688-----	648. 86
Local 713 "B"—Health and Welfare Fund-----	3, 529. 01
Rayco Auto Seat Covers-----	243. 68
Local 610-----	324. 50
Local 58-----	5. 85
Local 447-----	0
Bergman and Lefkow, Inc-----	23. 56
Central States Drivers Council, Southeast and Southwest Areas Health and Welfare Fund-----	122, 939. 75
Albert, Inc-----	158. 71
Local 726-----	115. 16
Herold Products-----	40. 14
Essex Graham-----	83. 72
Total-----	213, 680. 21

Senator ERVIN. That is certainly an unusual contract, that a man should get a commission on insurance after he has forfeited to the State his right to engage in the business of soliciting and obtaining insurance.

Mr. HUTNER. Well, I think it is, except this: That in the insurance field, I think you will find that it is not unusual for a contract with a broker or agent to contain a clause stating that the commissions that he has earned will be vested.

Senator ERVIN. I suppose that would be true; yes.

Mr. HUTNER. But when it gets into the size of this thing, and if it grows as it has, it appears to be quite a lot.

Senator ERVIN. In other words, it would seem to thwart public policy, public policy vested in the insurance commissions of the various States, for authority to grant licenses and to revoke licenses.

Here they apparently revoked the license for misconduct, yet the man continues to draw commissions after his license to engage in that business has been forfeited; pursuant to this contract he continues.

Did you ever consult an attorney to see whether it would be against public policy, a provision like that? In other words, it would be like my practicing law, practicing law with a partner, and I sign a contract with him that he is going to have to give me a certain percent of the earnings of the partnership, even if I cease to be a member of



the partnership, and even if I have been disbarred from the practice of law.

I think it is a serious question of law as to whether a contract of that nature is not contrary to public policy.

Mr. HUTNER. Well, we certainly will look into it. We have had some lawyers look at the contract, and they felt that it was one that would have to be enforced.

Senator ERVIN. If I were your lawyer, I would make him bring suit on it.

Mr. KENNEDY. Especially, Senator, when the contract is made pending an investigation. This wasn't a contract with vested commissions going back to 1949 and 1950. This was a contract that was made in 1953, after the original contract between Allen Dorfman and the insurance company had been signed.

As far as the question of the fraud involved, the State Commission of New York was questioning in great terms the public policy of this, whether this contract that was signed with Allen Dorfman had fraud involved in it.

Mr. HUTNER. Mr. Kennedy, I just want to say this on that subject. After you mentioned this to me last night, I called the department this morning and I asked whether anybody had pursued that line, that the contract was fraudulent. I was told by the head of the life division that as far as he knew they had not said that.

That doesn't mean from the standpoint that the Senator mentioned, of public policy, that it might not very well raise another question here.

Mr. KENNEDY. Mr. Uhlmann, Mr. Chairman, has just figured out what the vested commissions amount to.

The CHAIRMAN. Mr. Uhlmann, you are under oath. You may testify as to the amount of dollars and cents which are involved in this vested commission.

#### TESTIMONY OF MARTIN S. UHLMANN—Resumed

Mr. UHLMANN. With respect to commissions for this year, it is estimated that the vested commission amount will aggregate about \$212,000.

With respect to—I am sorry.

Mr. KENNEDY. \$212,000 is the vested commissions?

Mr. UHLMANN. Yes. That covers vested commissions on all Dorfman groups carried on the books of Northeastern Life.

Mr. KENNEDY. That is the first matter.

Now, at the urging of the New York Commission, you broke off the relationship with Allen Dorfman?

#### TESTIMONY OF HERBERT HUTNER—Resumed

Mr. HUTNER. Yes.

Mr. KENNEDY. Who services your insurance business now?

Mr. HUTNER. The Republic National Life of Dallas, Tex.

Mr. KENNEDY. They do the servicing for you?

Mr. HUTNER. May I explain that?

Mr. KENNEDY. Just answer the question.

Mr. HUTNER. Yes. We have a contract with them for them to do the servicing.

Mr. KENNEDY. Who does the servicing for them on these insurance policies?

Mr. HUTNER. Mr. Dorfman.

Mr. KENNEDY. So what has happened—

Mr. HUTNER. Or his agency.

Mr. KENNEDY. Is that Allen Dorfman, instead of going directly to Allen Dorfman, because of the orders of the commission in New York, what happens now is that you go through the Republic National Insurance Co. of Texas, and they go through Allen Dorfman; is that right?

Mr. HUTNER. That is right.

Mr. KENNEDY. So the same relationship exists except you go through a third party.

Mr. HUTNER. Well, not quite, Mr. Kennedy. In that connection, we last year were able to reduce the servicing fee from  $3\frac{1}{2}$  to 2 percent insofar as the Central States was concerned, and from  $3\frac{1}{2}$  to 3 percent so far as Michigan Conference was concerned. So we were able to effect a saving of \$218,000 in connection with the servicing.

Mr. KENNEDY. Was that after our investigators went in and showed you what had happened out there?

Mr. HUTNER. Well, I cannot say it was exactly that way. It was somewhere around that time. We have tried to get these things down as best we can. We came into a situation where we found this contract in existence, and our company is relatively small, and we have 92 employees, and if we were to lose this business it would result in a very sharp curtailment of our business. We are trying to build up our ordinary life business. I don't want to get away from your question.

Mr. KENNEDY. You reduced the service fees?

Mr. HUTNER. Yes, sir.

Mr. KENNEDY. But what happens is that you got the reduction of service fees, but your relationship with Allen Dorfman is now conducted through Republic National rather than directly.

Mr. HUTNER. That is correct, and we look to Republic as a large company for this. If there was anything wrong with the servicing, or any mismanagement or anything like that, we would have a company with several billion dollars in force to look toward to see that servicing is handled properly.

Mr. KENNEDY. Actually they are charged by Allen Dorfman the same amount that you paid them?

Mr. HUTNER. I believe so.

Mr. KENNEDY. What is the quid pro quo for the Republic National then? You have reinsured a greater amount with them?

Mr. HUTNER. We have reinsured some more insurance with them.

Mr. KENNEDY. What they get out of it is more reinsurance business and they are willing to handle this kind of an arrangement for you?

Mr. HUTNER. Evidently they are.

Mr. KENNEDY. Now, why didn't you break off the relationships with Allen Dorfman?

Mr. HUTNER. Completely, you mean? We broke them off, but we kept the business. I would say it was an economic situation, and

a practical one to this extent: We went as far as we could to reduce these fees to as low a figure as we could.

As I started to say, the people connected with the company, as Mr. Kennedy has pointed out, are people that have come into this thing fairly recently and who inherited this. We were simply faced with this question: Shall we give up this business completely and just say, "Well, because of the situation with Allen Dorfman we are just going to cancel out the entire thing," or should we see whether it is possible to continue the business, raising the level of it to the highest plane possible and giving the most efficiency and honest operation that we could?

We checked with other insurance companies, and a number of our directors and stockholders are officers, senior officers and directors, of some of the largest companies in America. We discussed the thing at great length, and we came to the conclusion that insofar as we could operate this thing in a way that the policyholder, that is, these welfare funds and the trustees and the beneficiaries, would receive an honest and efficient handling of their funds as far as the insurance company was concerned, we would not be doing anything different than if we lost the case and Metropolitan or Prudential or anybody else took it up as has happened, for example, on the west coast with *Ætna*, which is one of our outstanding companies taking up the Occidental case.

MR. KENNEDY. In other words, you knew that if you broke off relationships completely with Allen Dorfman you would lose the Teamster account?

MR. HUTNER. We felt that way; yes, sir.

MR. KENNEDY. Well, in conversations with various individuals you were led to believe that if you did not retain this relationship with Allen Dorfman you would lose the Teamster account?

MR. HUTNER. I had that feeling; yes.

MR. KENNEDY. Did you understand what relationship Allen Dorfman had with the Teamsters Union which would warrant such a result?

MR. HUTNER. I just understood that he had had this business for many years, and we assumed that he had a very close relationship or friendly relationship with the people involved.

MR. KENNEDY. Which is Mr. Hoffa.

MR. HUTNER. Yes.

MR. KENNEDY. Now, did you tell the Republic National Insurance Co. of Texas that they would have to make this arrangement with Allen Dorfman in order to get this business?

MR. HUTNER. Well, I told them they would have to make some arrangement with Allen Dorfman to get the business.

MR. KENNEDY. Because of what fact?

MR. HUTNER. That I knew we would lose it or I felt we would lose it otherwise.

MR. KENNEDY. So what this amounted to was that the New York commission told you to break off this relationship with Allen Dorfman as far as his servicing the insurance, and you knew that you had to come up with some idea to be able to keep Allen Dorfman in there.

MR. HUTNER. Well, I might go further than that, and I might say that we went to the department and we said we felt it would hurt our company immeasurably to lose this business and if we could keep it



and if there was any way we could possibly handle the business, having terminated the contract with Allen Dorfman as agent, and work out something on the servicing end of it that would not be a violation of the New York law, we would like to do it. This method was evolved, and we did it.

Mr. KENNEDY. Did the New York Commission know you were doing this?

Mr. HUTNER. Yes, sir.

Mr. KENNEDY. Do they know the same relationship existed between you and Allen Dorfman except it was done through a third party?

Mr. HUTNER. I don't think—it just depends on the way you put it—we feel that we have a go-between who is very strong, and whom we can look to for certain things that we couldn't before.

Secondly, we were able to reduce the servicing fee considerably as a result of doing this.

The CHAIRMAN. The question is did the New York Commission or the New York authority that required the cancellation of his contract, do they know of the arrangement you have with the Republic and Republic has with Dorfman?

Mr. HUTNER. I believe they do.

The CHAIRMAN. You say you believe they do. Do you know that they do?

Mr. HUTNER. Well, I would say yes, I think they do. I think that they do know it. I would like to have someone ask them, and I don't want to say they know it.

The CHAIRMAN. The question is, there hasn't been a purpose on your part to conceal this?

Mr. HUTNER. No, sir; I have a memorandum which I submitted to the Department before we did this, and I think Mr. Uhlmann saw a copy of it.

The CHAIRMAN. I wanted to get it in the proper light. You haven't been a party to trying to deceive the New York authorities?

Mr. HUTNER. Absolutely not, and we gave them a memorandum before we did anything.

The CHAIRMAN. All right.

Mr. KENNEDY. Would you agree that it doesn't make really a great deal of sense to have the New York Commission order you to break off the relationship with Allen Dorfman, and then you, with another large insurance company, get together to do what you are not supposed to do directly, but to do it indirectly?

Would you agree that really doesn't make too much sense?

Mr. HUTNER. Well, I agree that it may look that way, and again I say that we were faced with two rough alternatives, and we made two changes, again I repeat, in the servicing fee, and in having a strong servicing agent in between. We felt that that was as far as we could go in keeping the business.

Mr. KENNEDY. Was Mr. Kunis one of those who informed you that it would appear that you would lose the business if you didn't keep the relationship?

Mr. HUTNER. I believe he did make such a statement.

Mr. KENNEDY. Mr. Kunis is one of those, a consultant not only for the insurance company, but he is a consultant for various of the Teamsters unions, Mr. Chairman, and he is one of those who would appear to have a conflict of interest.



The CHAIRMAN. He is interested in the Teamsters Union and he is one of their consultants.

Mr. HUTNER. I believe he is a consultant to their pension fund; yes.

The CHAIRMAN. And he suggested to you the probability of your losing the account if you didn't make some arrangement with Dorfman; is that correct?

Mr. HUTNER. That is correct.

Mr. KENNEDY. So again, Mr. Chairman, it shows this very strange and peculiar relationship that exists between the head of the fund, Mr. Hoffa, and Mr. Allen Dorfman, that that kind of an arrangement would have to be entered into in order for this insurance company to keep the business.

Now, a memorandum was filed with this committee some couple of months ago, after we had the hearings before the committee, brief hearings last year in connection with the insurance. Could you tell us about that?

Mr. HUTNER. Well, when you asked me about it yesterday, I said that I wasn't sure who had gotten it up. This morning I called our actuarial department, and they tell me that Mr. Kunis in his capacity as consulting actuary got it up.

I might say that since most of it, as I said yesterday, is technical I wouldn't be in a position to go into the matters contained therein, and I would suggest that if there are any questions on it that Mr. Kunis be called.

Mr. KENNEDY. It is furnished to us by the attorney for the Teamsters Union from the insurance company, of which you are president.

Mr. HUTNER. That is correct, but I didn't know that it had been furnished for that purpose.

Mr. KENNEDY. It is filled with inaccuracies.

Mr. HUTNER. It is filled with inaccuracies!

Mr. KENNEDY. As far as figures are concerned.

Mr. HUTNER. Well, again I think somebody should question the actuary on that, because it is an actuarial thing which is a professional type of thing.

Mr. KENNEDY. Was he representing the insurance company or representing the Dorfmans, or representing the Teamsters when he made this up?

Mr. HUTNER. He presumably was representing us, because he said that there had been certain inaccuracies in the testimony here, and he thought that the company should submit a report which would from an actuarial standpoint straighten that out.

Mr. KENNEDY. His name does not even appear in here.

Mr. HUTNER. Well, I don't know why it does not, because he was the one who drew it up.

Mr. KENNEDY. It is signed by Lawrence Monnett.

Mr. HUTNER. He is a vice president, but the report itself was drawn up by Mr. Kunis.

Mr. KENNEDY. It was submitted by a vice president of the company, and prepared by a consultant and furnished to the committee by the attorney for the Teamsters Union.

Mr. HUTNER. I did not know that it was going to be furnished by the attorney for the Teamsters, Mr. Kennedy. It was gotten up pre-

sumably to straighten out some inaccuracies that had appeared in the record.

The CHAIRMAN. This document, should it be made an exhibit? It seems to me perhaps it should be identified and made an exhibit.

Can you identify this document?

Mr. HUTNER. I believe I can, if I may see it for a moment. I have seen it and read it.

The CHAIRMAN. It is submitted here under an affidavit of Lawrence L. Monnett, Jr. Do you recognize this document as the one that was prepared by your consultant, I believe, and presented to the attorney for the Teamsters by your Mr. Monnett, the vice president?

Mr. HUTNER. Yes; I do so identify it.

The CHAIRMAN. It will be made exhibit 228 for reference, together with the covering letter of transmittal of Mr. Previant. It will be made exhibit 228 for reference.

(Document referred to was marked "Exhibit No. 228" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Now, there is just one other matter on the question of the insurance commission in New York questioning this arrangement made in 1953. I call your attention to page 46 of their report, in which they describe this letter and this situation, and they state that the whole purpose of this procedure was obviously an expedient to protect the agent, irrespective of what may subsequently occur, and thus retain his business.

So they did question the agreement that had been made.

Mr. HUTNER. Yes.

Mr. KENNEDY. You found from your review and your own personal knowledge that it was Allen Dorfman who was the one making the decisions in connection with this insurance?

Mr. HUTNER. Well, we felt that he had a great deal to say about it.

Mr. KENNEDY. That is all.

Senator ERVIN. I just want to say it is fairly refreshing to have a witness come before this committee and testify with frankness and without taking any refuge behind the fifth amendment, and I want to commend you for it.

Mr. HUTNER. As a matter of fact, I came down here without any counsel and without any records or anything else. I thought I was just going to have an informal discussion, and when Mr. Kennedy asked me to testify I said I would be glad to.

The CHAIRMAN. You just bought into a bad situation; didn't you?

Mr. HUTNER. Well, certainly at times it has made me feel very unhappy that we ever bought into it.

Mr. KENNEDY. What would happen if you lost the Teamster business?

Mr. HUTNER. Right now, you mean?

Mr. KENNEDY. Yes.

Mr. HUTNER. I think that we would probably have to cut back our operations to about 20 people, because that is about the size of our ordinary business and our other groups. I feel that so long as the business can be handled by insurance companies that we should be able to handle it and we are doing an honest and open job in handling it. We have the facilities, the administrative help at our home office, and we have been working on this thing for many many years, and with the business to be transferred to any of the other large companies

which, as I said before, would be delighted to get it, I think that it would take them quite a while, and we made some studies on that, for the business to be set up in a way that it would be handled efficiently, and that it would cost the fund quite a bit of money to make such a change. I think that the trustees of the fund are aware of that fact.

I would like to say one other thing because we have been tied up with many people in Mr. Uhlmann's readings. We have a board of directors of 17 directors and, of course, that is a matter of record which I might submit to you gentlemen. They are all outstanding people in the community and in the country. One director that was mentioned as representing Mr. Dorfman, we invited to come on the board for this reason: the welfare fund and the Michigan Conference owns a block of stock in our company, and we felt that they should be represented on our board. It is just like anybody else that owns stock in the company.

Mr. KENNEDY. You asked who for a representative?

Mr. HUTNER. The fund.

Mr. KENNEDY. Allen Dorfman?

Mr. HUTNER. We asked Allen Dorfman, would he convey this at that time, and he was the agent of the company, and he was the one who suggested that we put this fellow Lissner, who is a lawyer in Chicago, on the board.

Mr. KENNEDY. Why should Allen Dorfman be the one selecting the representative for that?

Mr. HUTNER. I don't know whether he made the selection himself, Mr. Kennedy. I just say that that was the way we did it.

Mr. KENNEDY. Allen Dorfman calls the shots for the welfare fund; would you say that?

Mr. HUTNER. I don't know.

Mr. KENNEDY. Do you find that to be true?

Mr. HUTNER. I just don't know.

Mr. KENNEDY. You don't want to say?

Mr. HUTNER. Well, I wouldn't want to say then. It is hard for me to say.

But as far as the other people are concerned, they had some retainers. This Phil Goodman and Previant had a retainer with the company, and they handled some small matters for the company, and Mr. Goodman is an old friend of Mr. Dorfman's. I found him a person that was very reasonable and easy to deal with and he was helpful to us in our relationships with Mr. Dorfman.

Mr. KENNEDY. Did you know Phil Goodman was a business partner of Jimmy Hoffa as well as Mr. Dorfman?

Mr. HUTNER. I didn't know that, Mr. Kennedy.

Mr. KENNEDY. Well, he has been, and they have been in business together, the three of them. How much do you pay for service fees to Dorfman through the Republic National?

Mr. HUTNER. I just asked them today to give me the savings, and may I give you those figures in connection with the figures that I am to furnish?

The CHAIRMAN. You mean savings by reason of this reduction that you already testified to?

Mr. HUTNER. Yes; the \$218,000, but I don't have what was paid, which is what Mr. Kennedy would like.



Mr. KENNEDY. I believe that we have the figures, and so maybe you can tell us if it is correct.

Mr. UHLMANN. The figures we have show that the service fees on a reduced basis for the Dorfman groups carried on the Northeastern Life's books, run about \$230,000 a year.

Mr. KENNEDY. Together with the vested commissions, and the service fees, they are still getting almost \$500,000 a year out of this.

Mr. UHLMANN. Slightly under that; yes.

The CHAIRMAN. Is there anything further?

Thank you very much, Mr. Hutner.

Call the next witness.

Mr. KENNEDY. I want to finish up a few things. Mr. Uhlmann, would you return to the stand?

I would also like to call Mr. Goodman.

### TESTIMONY OF SEYMOUR GOODMAN—Resumed

The CHAIRMAN. These witnesses have been previously sworn, and you may proceed under the same oath.

Mr. KENNEDY. Yesterday you referred to excessive commissions that had been referred to in some pamphlets and reports made by the New York insurance department. Can you give us the specifics on that, so that we can refer to them?

Mr. GOODMAN. Yes, sir. In a report entitled "Whose Welfare?" which is your committee exhibit 220, at page 103 of the report there is a table numbered 19. One of the welfare fund cases among others listed there, is that of the Central States Drivers Council and Southern Conference of Teamsters.

This was a case wherein by the United States Life Insurance Co. and the agent of record as we have it here is the United Public Services Corp. These are identified by code number, 43 representing the United States Life Insurance Co., and 91 representing the United Public Services Corp., and 123 representing the Central States Drivers Council and Southern Conference of Teamsters welfare fund.

At page 104 of the report there is a discussion of that particular group case.

I will lead into it by the paragraph preceding.

Similar variations in compensation may be observed in table 19 for union welfare cases involving premium volumes of about \$500,000 to \$900,000. Here the scale of plan 442 serves as the yardstick for a reasonable level of commissions closely approximating the typical scale. Insurer 43 illustrates the use of different scales by one insurer.

In the case of plan 123—

the Central States—

this insurer paid service fees as well as commissions on a decremental scale which was considerably higher than a typical scale.

At page 200 of the report there is a table which is identified as table K, and it includes eight selected agents to indicate those who are receiving what we consider to be excessive commissions. Union Insurance Agency of Illinois is identified there by code No. 168.

At page 203 of the same report a table L, which is designated "Selected instances of high commissions and fees paid on union welfare cases," includes two cases of which the Union Insurance Agency of Illinois is identified by code 168.



The two cases are code No. 139, Michigan Conference of Teamsters welfare fund, and 140, Trustees and Successors of the Central States, Southeast and Southwest Areas Welfare Fund.

In a later report entitled "Private Employee Benefit Plans of Public Trust," your committee exhibit No. 221, at page 212 of the report, the comment appears:

Table 1 presents data for selected policies of four other insurance companies. It further illustrates that high commissions and administration fees almost invariably reduce benefit payments and dividends or experience rating credits and reflects unfair discrimination among policyholders.

Table 41, which is at page 214 of the report, identifies the Union Casualty Co., that is, Union Casualty & Life Insurance Co., under the code designation of F. The case is, of the welfare fund, identified as U-8, which is local 1031 of the International Brotherhood of Electrical Workers, AFL. The agent designated as 168 is Union Insurance Agency of Illinois.

Mr. KENNEDY. Is that all?

Mr. GOODMAN. Yes, sir.

Mr. KENNEDY. I appreciate that very much.

I would like to call another witness, Mr. Chairman.

This is just another example, Mr. Chairman, of the operation and the milking of the funds. I would like to call a witness who has been subpoenaed here, Mrs. Martha Lucas.

The CHAIRMAN. Be sworn, please.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. LUCAS. I do.

### TESTIMONY OF MARTHA LUCAS

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mrs. LUCAS. Martha Lucas, 5400 West Chicago Avenue, Chicago, Ill.

The CHAIRMAN. What is your present occupation?

Mrs. LUCAS. I am in the furniture business.

The CHAIRMAN. You are in the furniture business?

Mrs. LUCAS. Yes, sir.

The CHAIRMAN. Do you have counsel or do you wish an attorney to represent you, Mrs. Lucas?

Mrs. LUCAS. No, sir; I was subpoenaed.

The CHAIRMAN. All right, Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mrs. Lucas, on occasion you have had business dealings with the Dorfman Co., we have found, from an examination of their records and your records. Is that correct?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. And you have sold Allen Dorfman furniture?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. I would like to ask you to examine these invoices that I have here. First, invoice No. 3303.

Mrs. LUCAS. Yes, sir.

The CHAIRMAN. I present to you an invoice dated April 15, 1956, from the Lucas Co., made out to Aldor Insurance Agency, the invoice in the amount of \$1,000, No. 3303.

Will you examine that invoice and state if you identify it?

(The document was handed to the witness.)

Mrs. LUCAS. Yes, sir.

The CHAIRMAN. What is it?

Mrs. LUCAS. It is our invoice.

The CHAIRMAN. I beg your pardon?

Mrs. LUCAS. It is our invoice, a copy of an invoice.

The CHAIRMAN. A copy of your invoice, the invoice from your firm?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. That invoice is dated April 15, 1956. It describes two desks, two chairs, one conference table and eight chairs, and \$1,000; is that right?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. Did you, in fact, provide two chairs, two desks, one conference table and eight chairs to Allen Dorfman?

Mrs. LUCAS. No, sir.

Mr. KENNEDY. The invoice is a fake?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. Why did you make a fake invoice?

Mrs. LUCAS. I believe it was requested.

Mr. KENNEDY. Who requested you to make a false invoice?

Mrs. LUCAS. Well, someone from the firm.

Mr. KENNEDY. Who did?

The CHAIRMAN. Whose firm, yours or Mr. Dorfman's?

Mrs. LUCAS. No; from Mr. Dorfman's.

Mr. KENNEDY. Who requested you from Mr. Dorfman's firm?

Mrs. LUCAS. I can't be sure on each one.

Mr. KENNEDY. Was it Mr. Dorfman?

Mrs. LUCAS. I couldn't be exactly sure.

Mr. KENNEDY. Who else do you know in the firm?

Mrs. LUCAS. One of the girls.

Mr. KENNEDY. What girls do you know?

Mrs. LUCAS. I don't recall her name. I don't recall the exact name.

Mr. KENNEDY. You know the difference between Allen Dorfman and a girl.

Mrs. LUCAS. But it is so long ago, I can't remember exactly.

Mr. KENNEDY. Let me see if I can bring you more up to date, then. I will present to you some six or seven more invoices.

The CHAIRMAN. The Chair presents to you an invoice, No. 3305, dated November 8, 1956, in the amount of \$1,000, issued by your company, the Lucas Co., to the same insurance agency, Aldor Insurance Agency, and it says for recarpeting conference room.

I also present to you a similar invoice, No. 3352, dated February 11, 1957, shown to be for one conference desk and chair in the amount of \$950.79, and carpeting in the amount of \$1,000, making a total of \$1,950.79.

I present to you another invoice, No. 3300, dated April 22, 1956, and which recites that it is for one sofa and two chairs in the amount of \$500.

Another one, No. 3302, dated May 10, 1956, in the amount of \$1,000, and it says it is for four desks and four chairs, per order.

And another one, No. 3304, dated November 10, 1956, which says it is for four desks and four chairs, \$1,000.

And another one, No. 3354, dated February 6, 1957, in the amount of \$850.12, which says it is for one large built-in cabinet.

I will ask you to examine these six invoices that I have just mentioned, and state if you identify them.

(The documents were handed to the witness.)

The CHAIRMAN. Do you identify those invoices?

Mrs. LUCAS. Yes, sir.

The CHAIRMAN. Those invoices may be made exhibit No. 229-A, B, C, D, E, F, and G in the order in which the Chair mentioned them to the witness.

(The invoices referred to were marked "Exhibits Nos. 229-A through 229-G", inclusive, for reference and will be found in the appendix on pp. 16185-16191.)

The CHAIRMAN. May I inquire whether any of the merchandise called for by those six invoices was actually delivered to the purchaser, Aldor Insurance Agency?

Mrs. LUCAS. No, sir.

The CHAIRMAN. No part of the merchandise listed in either of those six invoices was either purchased by the Aldor Insurance Agency from the Lucas Co., nor was any of it delivered to the insurance agency; is that correct?

Mrs. LUCAS. Yes, sir.

The CHAIRMAN. Are these six, in addition to the other one you identified, all bogus invoices?

Mrs. LUCAS. Yes, sir.

The CHAIRMAN. And for what reason were these bogus invoices, made out?

First, counsel suggests, and I think it is well, did you ever deliver any of the merchandise, your company, any of this merchandise to the Aldor Insurance Agency?

Mrs. LUCAS. Not of that merchandise.

The CHAIRMAN. I beg your pardon?

Mrs. LUCAS. Not of that merchandise.

The CHAIRMAN. Not of this merchandise?

Mrs. LUCAS. No, sir.

The CHAIRMAN. That is, that is listed here?

Mrs. LUCAS. No, sir.

The CHAIRMAN. Did you deliver other merchandise to them that the agency bought?

Mrs. LUCAS. A long time ago.

The CHAIRMAN. How long ago?

Mrs. LUCAS. I can't recall exactly.

The CHAIRMAN. Was it a long time before these invoices were made out? Is that right?

Mrs. LUCAS. I couldn't be certain of the dates. I couldn't be certain what it was or when, from here.

The CHAIRMAN. Mr. Counsel, you may proceed.

Mr. KENNEDY. Did you make deliveries of any kind of furnishings or furniture in connection with these invoices? Did you make deliveries to Allen Dorfman's home, for instance?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. And did you make deliveries to Rose Dorfman's?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. These were furnishings for their private homes; is that correct?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. And these invoices here are to cover those deliveries that you made; is that right?

Mrs. LUCAS. No, sir; I billed them for what I delivered to their homes.

Mr. KENNEDY. You billed them separately for that?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. What was the purpose of these invoices that we have here?

Mrs. LUCAS. To receive payment.

Mr. KENNEDY. To receive payment?

Mrs. LUCAS. Yes.

Mr. KENNEDY. For the other furniture?

Mrs. LUCAS. Yes.

Mr. KENNEDY. It was to receive payment for the furniture that you delivered to their homes?

Mrs. LUCAS. Yes.

Mr. KENNEDY. So that instead of them paying you privately or paying out of their own personal accounts, the insurance company accounts were paying for the furniture; is that right?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. And the invoices would make it appear that the furniture was office furniture when, in fact, it was home furniture?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. And these invoices would permit the companies to make checks out to you to pay for the furniture; is that right?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. That is what happened?

Mrs. LUCAS. I received checks.

Mr. KENNEDY. From these two companies, the Aldor Insurance Agency and the Union Insurance Agency?

Miss LUCAS. Yes, sir.

Mr. KENNEDY. Then those in turn, Mr. Uhlmann, were deducted as expenses; is that correct?

Or you can tell that, Mr. Findlay.

Mr. FINDLAY. \$3,350.12 was charged on the books of Union Insurance Agency as furniture and equipment, and \$3,950.79 on the books of Aldor Insurance Agency. In this manner, their accountants were able to depreciate the furniture and take it as a deduction as an operating expense, rather than as a personal expense.

The CHAIRMAN. These seven invoices total \$7,300.91, if the Chair calculated correctly.

Senator Ervin.



Senator ERVIN. Did you examine the income tax for these insurance companies?

Mr. FINDLAY. Yes.

Senator ERVIN. Did they take depreciation for the office furniture?

Mr. FINDLAY. Yes, they do. In fact, the total of the furniture equipment account and office equipment on the books, there is an annual depreciation on the basis of the figures which includes these fictitious invoices.

The CHAIRMAN. They were charged as expenses to the insurance?

Mr. FINDLAY. To the Union Insurance Agency and Aldor Insurance, Inc., the companies owned by Allen and Rose.

Senator ERVIN. I think maybe it is not altogether inappropriate to make the observation that whoever handled this transaction was sort of like the saying about providence, that it moves in mysterious ways, its wonders to perform.

Mr. KENNEDY. With whom was the arrangement made on the later invoices? Allen Dorfman?

Mrs. LUCAS. I always talked to Allen and one lady at the office. I couldn't be sure which.

Mr. KENNEDY. Who told you to make these fictitious invoices?

Mrs. LUCAS. Someone from one of the—

Mr. KENNEDY. You know who it was?

Mrs. LUCAS. I talked to both of them, sir. I honestly did.

Mr. KENNEDY. You talked to both of them about it?

Mrs. LUCAS. Yes, sir. Honestly.

Mr. KENNEDY. The girl in the office and Allen Dorfman?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. Both of them you talked to about making these phony invoices?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. And the furniture that was provided, the home furniture, rugs and couches, et cetera, were sent to the homes of Allen Dorfman and Rose Dorfman?

Mrs. LUCAS. Yes, sir.

The CHAIRMAN. Is there anything further?

If not, thank you very much.

The Chair will announce that when we resume tomorrow at 10 o'clock in the morning, the committee will meet in room 3302 of the New Senate Office Building. Those of you interested may attend in that room. That is room 3302. Some other committee will occupy this room in the morning. We will go into some new quarters and try out the acoustics over in that building.

With that, we will recess until 10 o'clock in the morning.

(Whereupon, at 4:50 p.m., the committee recessed to reconvene at 10 a.m., Thursday, January 29, 1959, in room 3302, New Senate Office Building.)

(Members of the select committee present at the taking of the recess were Senators McClellan and Ervin.)

1901		1902		1903		1904		1905		1906		1907		1908		1909		1910		1911		1912		1913		1914		1915		1916		1917		1918		1919		1920		1921		1922		1923		1924		1925		1926		1927		1928		1929		1930		1931		1932		1933		1934		1935		1936		1937		1938		1939		1940		1941		1942		1943		1944		1945		1946		1947		1948		1949		1950		1951		1952		1953		1954		1955		1956		1957		1958		1959		1960		1961		1962		1963		1964		1965		1966		1967		1968		1969		1970		1971		1972		1973		1974		1975		1976		1977		1978		1979		1980		1981		1982		1983		1984		1985		1986		1987		1988		1989		1990		1991		1992		1993		1994		1995		1996		1997		1998		1999		2000		2001		2002		2003		2004		2005		2006		2007		2008		2009		2010		2011		2012		2013		2014		2015		2016		2017		2018		2019		2020		2021		2022		2023		2024		2025		2026		2027		2028		2029		2030		2031		2032		2033		2034		2035		2036		2037		2038		2039		2040		2041		2042		2043		2044		2045		2046		2047		2048		2049		2050		2051		2052		2053		2054		2055		2056		2057		2058		2059		2060		2061		2062		2063		2064		2065		2066		2067		2068		2069		2070		2071		2072		2073		2074		2075		2076		2077		2078		2079		2080		2081		2082		2083		2084		2085		2086		2087		2088		2089		2090		2091		2092		2093		2094		2095		2096		2097		2098		2099		2100		2101		2102		2103		2104		2105		2106		2107		2108		2109		2110		2111		2112		2113		2114		2115		2116		2117		2118		2119		2120		2121		2122		2123		2124		2125		2126		2127		2128		2129		2130		2131		2132		2133		2134		2135		2136		2137		2138		2139		2140		2141		2142		2143		2144		2145		2146		2147		2148		2149		2150		2151		2152		2153		2154		2155		2156		2157		2158		2159		2160		2161		2162		2163		2164		2165		2166		2167		2168		2169		2170		2171		2172		2173		2174		2175		2176		2177		2178		2179		2180		2181		2182		2183		2184		2185		2186		2187		2188		2189		2190		2191		2192		2193		2194		2195		2196		2197		2198		2199		2200		2201		2202		2203		2204		2205		2206		2207		2208		2209		2210		2211		2212		2213		2214		2215		2216		2217		2218		2219		2220		2221		2222		2223		2224		2225		2226		2227		2228		2229		2230		2231		2232		2233		2234		2235		2236		2237		2238		2239		2240		2241		2242		2243		2244		2245		2246		2247		2248		2249		2250		2251		2252		2253		2254		2255		2256		2257		2258		2259		2260		2261		2262		2263		2264		2265		2266		2267		2268		2269		2270		2271		2272		2273		2274		2275		2276		2277		2278		2279		2280		2281		2282		2283		2284		2285		2286		2287		2288		2289		2290		2291		2292		2293		2294		2295		2296		2297		2298		2299		2300		2301		2302		2303		2304		2305		2306		2307		2308		2309		2310		2311		2312		2313		2314		2315		2316		2317		2318		2319		2320		2321		2322		2323		2324		2325		2326		2327		2328		2329		2330		2331		2332		2333		2334		2335		2336		2337		2338		2339		2340		2341		2342		2343		2344		2345		2346		2347		2348		2349		2350		2351		2352		2353		2354		2355		2356		2357		2358		2359		2360		2361		2362		2363		2364		2365		2366		2367		2368		2369		2370		2371		2372		2373		2374		2375		2376		2377		2378		2379		2380		2381		2382		2383		2384		2385		2386		2387		2388		2389		2390		2391		2392		2393		2394		2395		2396		2397		2398		2399		2400		2401		2402		2403		2404		2405		2406		2407		2408		2409		2410		2411		2412		2413		2414		2415		2416		2417		2418		2419		2420		2421		2422		2423		2424		2425		2426		2427		2428		2429		2430		2431		2432		2433		2434		2435		2436		2437		2438		2439		2440		2441		2442		2443		2444		2445		2446		2447		2448		2449		2450		2451		2452		2453		2454		2455		2456		2457		2458		2459		2460		2461		2462		2463		2464		2465		2466		2467		2468		2469		2470		2471		2472		2473		2474		2475		2476		2477		2478		2479		2480		2481		2482		2483		2484		2485		2486		2487		2488		2489		2490		2491		2492		2493		2494		2495		2496		2497		2498		2499		2500		2501		2502		2503		2504		2505		2506		2507		2508		2509		2510		2511		2512		2513		2514		2515		2516		2517		2518		2519		2520		2521		2522		2523		2524		2525		2526		2527		2528		2529		2530		2531		2532		2533		2534		2535		2536		2537		2538		2539		2540		2541		2542		2543		2544		2545		2546		2547		2548		2549		2550		2551		2552		2553		2554		2555		2556		2557		2558		2559		2560		2561		2562		2563		2564		2565		2566		2567		2568		2569		2570		2571		2572		2573		2574		2575		2576		2577		2578		2579		2580		2581		2582		2583		2584		2585		2586		2587		2588		2589		2590		2591		2592		2593		2594		2595		2596		2597		2598		2599		2600		2601		2602		2603		2604		2605		2606		2607		2608		2609		2610		2611		2612		2613		2614		2615		2616		2617		2618		2619		2620		2621		2622		2623		2624		2625		2626		2627		2628		2629		2630		2631		2632		2633		2634		2635		2636		2637		2638		2639		2640		2641		2642		2643		2644		2645		2646		2647		2648		2649		2650		2651		2652		2653		2654		2655		2656		2657		2658		2659		2660		2661		2662		2663		2664		2665		2666		2667		2668		2669		2670		2671		2672		2673		2674		2675		2676		2677		2678		2679		2680		2681		2682		2683		2684		2685		2686		2687		2688		2689		2690		2691		2692		2693		2694		2695		2696		2697		2698		2699		2700		2701		2702		2703		2704		2705		2706		2707		2708		2709		2710		2711		2712		2713		2714		2715		2716		2717		2718		2719		2720		2721		2722		2723		2724		2725		2726		2727		2728		2729		2730		2731		2732		2733		27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# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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THURSDAY, JANUARY 29, 1959

U.S. SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D.C.*

The select committee met at 10 a.m., pursuant to recess, in room 3302, New Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Jr., Democrat, North Carolina.

Also present: Robert F. Kennedy, chief counsel; Pierre E. G. Salinger, investigator; Martin S. Uhlmann, investigator; John P. Findlay, investigator; James J. P. McShane, investigator; Richard G. Sinclair, investigator; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at convening of session: Senators McClellan and Ervin.)

The CHAIRMAN. Call your first witness.

Mr. KENNEDY. Mr. Chairman, over the period of the past day and a half, we have been developing a number of points that we wish to go into further today.

There are four major points we have gone into. The first which we have established is that there was collusion in the awarding of the insurance for the Central States Conference of Teamsters, and that is shown through the documents that have been placed in the record here.

Second, there was collusion in the awarding of the contract of the Michigan Conference of Teamsters, which is shown from the documents and, for instance, the fact that the bid was submitted to the Michigan Conference of Teamsters the day after the award was made, submitted from Allen Dorfman's company.

Third, right from the beginning, there were excessive commissions paid for both the Central Conference of Teamsters and for the Michigan Conference of Teamsters.

Fourth, there is the matter that climaxes all of this, that between 1952 and 1954 the cost to the Michigan Conference of Teamsters and to the Central Conference of Teamsters was increased.

The commissions to Allen Dorfman were increased and the benefits to the members of the Central Conference of Teamsters and the Michigan Conference of Teamsters were decreased on three separate occasions.

All of these matters were handled with the help and assistance and direction of Mr. James Hoffa.

When we had our witnesses at the beginning, we developed the fact that this contract for the Central Conference of Teamsters was originally awarded through the efforts and the friendship that existed between Mr. Paul Dorfman and Mr. James R. Hoffa. Now, Mr. Chairman, what I would like to do today is to call him as a witness, but prior to so doing that I would like to call a staff member who made an investigation of Paul Dorfman, and Paul Dorfman's background, and place that information in the record.

I would like to call Mr. James McShane.

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McSHANE. I do.

### TESTIMONY OF JAMES J. P. McSHANE

The CHAIRMAN. State your name and your place of residence and your present employment.

Mr. McSHANE. My name is James McShane, and I reside in New York City and I am a staff member of this committee.

Mr. KENNEDY. How long have you been with the committee, Mr. McShane?

Mr. McSHANE. A little better than a year and a half.

Mr. KENNEDY. What were you doing prior to that?

Mr. McSHANE. Prior to that time I was a detective with the New York City Police Department.

Mr. KENNEDY. For how long did you work for the New York City Police Department?

Mr. McSHANE. Approximately 21 years.

Mr. KENNEDY. Did you receive some awards for services with the New York Police Department?

Mr. McSHANE. I did, sir.

Mr. KENNEDY. What were those awards?

Mr. McSHANE. I was cited for bravery 14 times. I have received the New York City Police Department Medal of Honor.

Mr. KENNEDY. Is that the highest award that can be awarded?

Mr. McSHANE. That is the highest possible award that any living member can receive, sir.

Mr. KENNEDY. Now, Mr. McShane, since coming with this committee, have you devoted some time working on the background of Mr. Paul Dorfman?

Mr. McSHANE. I have, sir.

Mr. KENNEDY. And do you have some information that would summarize your investigation, as well as the investigations that have been conducted by other Government departments?

Mr. McSHANE. Yes, sir; I have.

Mr. KENNEDY. Would you give that information to the committee?

Mr. McSHANE. According to our investigation, Mr. Kennedy, Mr. Paul Dorfman is a major figure in the Chicago underworld. He is an associate of most of the leading gangsters in the Chicago area.



He is the contact man between dishonest union leaders and members of the Chicago underworld.

Mr. Dorfman is 56 years. He is the former secretary-treasurer of local 20467, AFL Waste Material Handlers Union in Chicago. He was ousted from that job by the AFL-CIO in late 1957. As to Mr. Dorfman's criminal background, it does not appear that he has ever been arrested for any crime.

Mr. KENNEDY. Do you mean convicted of any crime?

Mr. McSHANE. I am sorry; convicted. However, he was arrested in 1928 in connection with ballots in the 13th precinct of the old 24th ward in favor of the Republican State's Attorney Crow. No disposition of this charge can be found.

In 1942 he was charged with mayhem in connection with the beating of the executive secretary of the Waste Materials Dealers Association. He subsequently was freed on this charge.

Now the founder of local 20467, one Leon R. Cook, was shot and killed in Chicago, Ill., on December 8, 1939. Following this murder, Mr. Dorfman appeared on the scene and became secretary-treasurer of the union.

Mr. KENNEDY. Would it appear from your investigation that he merely took over the union immediately after the killing of Mr. Cook?

Mr. McSHANE. It would appear that way, sir.

Mr. KENNEDY. What about Mr. Dorfman's criminal and other associates in Chicago?

Mr. McSHANE. Well, of Mr. Dorfman's criminal and other associates, there is one Anthony "Tony" Accardo, known as the head of the Chicago mob since the death of Al Capone. Another is Mr. Abraham Teitelbaum, former attorney for the Capone mob. Another is Abner "Longy" Zwillman, one of the top figures in the American underworld, who heads the rackets in the State of New Jersey.

Telephone calls have been traced indicating that a New Jersey attorney by the name of Harold Krieger called Longy Zwillman at a summer camp owned by Mr. Dorfman in Wisconsin.

Now, there is a Sol Cilento, a former official of the Distillery Workers Union, who was a subordinate of Abner "Longy" Zwillman. There is Mr. Claude Maddox, alias "Screwy" Moore, a Chicago racketeer and hoodlum connected with the Hotel and Restaurant Workers Union.

Now, the St. Valentine's Day massacre was planned in Mr. Maddox's bar in February of 1929.

Now, there is Mr. John Dioguardi, alias Johnny Dio, a notorious New York gangster in the garment district, and Mr. Dio at the present time is in Sing Sing with another Teamster official for extortion. Mr. Dio, I might add, has appeared before this committee.

Then there is Harry "Chink" Meltzer, a notorious Michigan hoodlum who was arrested in Chicago for extradition to Michigan on charges of placing explosives with intent to destroy.

Mr. KENNEDY. He received a 15- to 25-year sentence?

Mr. McSHANE. He is currently serving that in Jackson State prison in Michigan. When he was arrested he placed a call to Mr. Dorfman and told him he was in need of funds and, according to the police officers who accompanied him, we went to a West Side Chicago bar

where he found Dorfman had left \$25 for him. Meltzer was reportedly very angry at the time, and he commented to the officers that Dorfman owed him very much more than that.

There is a Ruth Brougher and she has reported that Robert Barney Baker sent her to see Paul Dorfman about the disposition of some jewelry she had in her possession. She said subsequently that she met Dorfman in Chicago in connection with this matter. Although nothing came of the meeting, Dorfman gave her his unlisted telephone number and told her to call him if she ever needed help.

Mr. KENNEDY. She is the lady who appeared before this committee and testified and is now serving a sentence in Florida in connection with the murder of her boy friend?

Mr. McSHANE. That is true.

Mr. KENNEDY. Now, you talked about his connection with some of the union officials. Have we found that he has been responsible for the setting up and establishment of certain locals throughout the country?

Mr. McSHANE. That is true; he has, sir.

Mr. KENNEDY. Would you give us some information on that?

Mr. McSHANE. Well, there has been testimony before the committee here that clearly indicates that Paul Dorfman was responsible in securing the charter of Local 102 of the United Auto Workers Union, AFL, for Johnny Dio. Sam Zakman, in whose name the charter was originally issued, was taken to the Hampshire House in New York City and introduced to Paul Dorfman by Sam Berger, the manager of Local 102 of the International Ladies' Garment Workers' Union. Berger told Dorfman that this is a young man he would like to see get a charter.

Paul Dorfman's name appears on the original charter of local 102, and following the meeting with Dorfman, Berger flew to Milwaukee with Zakman and obtained the charter which, within a matter of months, was turned over to Johnny Dio.

Paul Dorfman was instrumental in securing a charter in the Teamsters Union for Abe Gordon, who now heads local 805 of the Teamsters in New York City. Mr. Gordon is a close associate of Dorfman, and James R. Hoffa, and Johnny Dio.

It is significant that Gordon's initial organizing activities were in the vending machine industry in New York and New Jersey, a substantial portion of which was controlled by "Longy" Zwillman.

Mr. KENNEDY. During the hearings that we held on Johnny Dioguardi, we traced some telephone calls to Johnny Dio at the headquarters of Abe Gordon; did we not?

Mr. McSHANE. We did.

Mr. KENNEDY. And the office of Abe Gordon in local 805 and it was Mr. Abe Gordon that was down here for a considerable amount of time consulting with Jimmy Hoffa during the hearings that we held last year; isn't that correct?

Mr. McSHANE. That is true; it is, sir.

Now Mr. Dorfman is reported to have been instrumental in securing a Teamsters Union charter in Minneapolis for James Azzone, who was convicted of grand larceny in 1938 and sentenced to the State reformatory at St. Cloud, Minn.

Azzone was active in this Teamsters Union Local 688 with Gerald Connelly, now serving a Federal penitentiary sentence at the U.S. penitentiary at Terre Haute, Ind.

Paul Dorfman is responsible for obtaining of a charter for Harry Karsh, in St. Louis, Mo., who is the present secretary-treasurer of the Carnival Workers Local 447 in St. Louis. Incidentally, Mr. Karsh has also appeared before this committee.

As to some of his business associates, he was a partner with Mr. James Hoffa in the operation of a summer camp in Wisconsin. He is a partner with Mr. Hoffa in the Northwestern Oil Co. in North Dakota.

He is a partner, or rather was a partner, with Mr. Ted Shulman and Ross Miller in the management of a heavyweight fighter, known as Billy Nolan.

Mr. Shulman at that time was the executive secretary of the Waste Materials Dealers Association with whom Mr. Dorfman would negotiate for contracts.

Mr. KENNEDY. That is S-h-u-l-m-a-n?

Mr. McSHANE. That is correct.

And Mr. Dorfman's son, Allen Dorfman, is a partner with Mr. Shulman in the Sheridan Lien Co., set up for the purpose of purchasing property seized for the nonpayment of taxes.

Now, a bit or two more about Mr. Dorfman, if I may say, Mr. Kennedy: Mr. Dorfman is a former prizefighter who fought under the name of "Red" Dorfman. He was managed by Sam Pian, who also managed Barney Ross, the former welterweight and middleweight champion.

In 1955 and 1956, Mr. Paul Dorfman was a guest at the Hotel Riviera in Las Vegas, Nev. A part owner of this hotel is the aforementioned Ross Miller. The hotel ledger sheets show that Dorfman was not charged for his rooms.

In 1956, Mr. Dorfman made a trip to Honolulu and stayed at the Royal Hawaiian Hotel, and a check of the Union Insurance Agency of Illinois, dated May 4, 1956, in the amount of \$912.41 was used in the payment of Mr. Dorfman's room.

Rose Dorfman also received a check from the Union Insurance Agency, and this in the amount of \$2,300, for partial reimbursement of the Honolulu trip.

Mr. KENNEDY. That summarizes the situation as far as Paul Dorfman is concerned?

Mr. McSHANE. Up to the present time, sir.

Mr. KENNEDY. But you gave some examples of some of the criminal associates in the Chicago area, and you have found him to be a key figure with the underworld in that area?

Mr. McSHANE. Yes, sir; I have.

Mr. KENNEDY. I think that is all.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Paul Dorfman.

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. PAUL DORFMAN. I do.



**TESTIMONY OF PAUL J. DORFMAN, ACCOMPANIED BY COUNSEL,  
STANFORD CLINTON**

The CHAIRMAN. Mr. Witness, state your name, your place of residence, and your business or occupation.

Mr. PAUL DORFMAN. My name is Paul Dorfman. I reside at 5801 Sheridan Road, Chicago.

The CHAIRMAN. What is your business or occupation, Mr. Dorfman?

Mr. PAUL DORFMAN. Unemployed now.

The CHAIRMAN. Unemployed. For what period of time have you been unemployed, Mr. Dorfman?

(The witness conferred with his counsel.)

The CHAIRMAN. First I will ask you: Do you have counsel present?

Mr. PAUL DORFMAN. Yes, sir.

The CHAIRMAN. Counsel, will you identify yourself?

Mr. CLINTON. My name is Stanford Clinton. I am a member of the bar of the State of Illinois, and my address is 134 North LaSalle Street, Chicago.

The CHAIRMAN. Thank you very much.

All right, Mr. Dorfman, I believe you said you were presently unemployed. How long have you been unemployed?

Mr. PAUL DORFMAN. I think it is since December of 1957.

The CHAIRMAN. Since December of 1957?

Mr. PAUL DORFMAN. I wouldn't say for sure. I don't remember. Since I have been out of the local union.

The CHAIRMAN. December 1957; that is your best recollection at the moment?

Mr. PAUL DORFMAN. Well, that is—since I have been out of the local union.

The CHAIRMAN. Which, as you recall, was some time in December 1957?

Mr. PAUL DORFMAN. That is correct, sir. I think so.

The CHAIRMAN. You say since you have been out of the employment of the local union. What union was that? What was the union you referred to?

Mr. PAUL DORFMAN. Waste Material Handlers Union.

The CHAIRMAN. The what?

Mr. PAUL DORFMAN. Waste Material Handlers Union, local—

The CHAIRMAN. Waste Material Handlers Union, local what?

Mr. PAUL DORFMAN. No. 20467.

The CHAIRMAN. What was your position of employment with that union?

(The witness conferred with his counsel.)

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Was it a legitimate, honest service that you were rendering to the union?

(The witness conferred with his counsel.)

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. As I understand you, you were employed by the union. Now you decline to state in what capacity you were employed



by the union on the ground that an answer thereto might incriminate you.

May I ask you: Do you honestly believe that if you gave a truthful answer to the question, "What were you employed by the union to do?" or "What position did you hold with this union, local 20467?" do you honestly believe that a truthful answer to that question might tend to incriminate you?

Mr. PAUL DORFMAN. Yes, sir.

The CHAIRMAN. Then I ask you the question if the employment was for legitimate purposes, and I am speaking legally, in other words, was it for services that were legal under the law that you were to perform, were they within the law, legal and proper? That is the question.

(The witness conferred with his counsel.)

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I would think if it were legal, the services that you had performed, and were not in violation of law, that there could hardly be any incrimination of you by stating whether they were or were not, if they weren't.

If you state now under oath that a truthful answer to that question might tend to incriminate you——

Mr. PAUL DORFMAN. I do.

The CHAIRMAN. All right, Mr. Kennedy, you may proceed to ask him about the things at issue.

Mr. KENNEDY. Mr. Dorfman, you heard the testimony of Mr. McShane regarding your background. I am wondering if there is any statement which he made which is incorrect?

(The witness conferred with his counsel.)

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You are closely associated, are you not, with some of the leading members of the underworld of Chicago?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that Mr. Hoffa never knew Mr. Allen Dorfman prior to 1949, and that his association had been with you, Mr. Paul Dorfman?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Allen Dorfman is your son, is he not?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You don't mean to imply you have a son that you can't identify and acknowledge without possible self-incrimination? You don't mean to do that, do you?

(The witness conferred with his counsel.)

Mr. PAUL DORFMAN. Yes, I have a son.

The CHAIRMAN. All right. That is carrying it to the extreme. It is superridiculous, isn't it? Don't you agree with me on that? I think your silence and giggle is acquiescence with the Chair.

Mr. KENNEDY. Mr. Allen Dorfman is your son?

Mr. PAUL DORFMAN. Yes, sir.

Mr. KENNEDY. The reason for Mr. Hoffa granting this very lucrative contract to this insurance company, to Allen Dorfman, was in order to enable him to get a foothold in Chicago with the Teamsters Union, was it not, Mr. Dorfman?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And wasn't that foothold to be obtained through his association with you, and the quid pro quo, for you allowing him and bringing him into Chicago, the quid pro quo was the granting of this contract on the insurance?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it the reason that you had so much power and authority and still do in Chicago, because of your close association with the members of the underworld in that city?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it true that prior to 1950 Mr. Hoffa had no following of any kind in Chicago, and that changed after he granted the insurance to Allen Dorfman?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And wasn't it arranged also that Allen Dorfman would get 50 percent of the profits and the other 50 percent of the profits would go to you, through your wife, Rose Dorfman?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Wasn't this the arrangement and deal that was made with Mr. Hoffa which ultimately brought about Mr. Hoffa betraying the membership of the Teamsters Union by allowing an increase in commissions to your wife and to Mr. Allen Dorfman at the same time decreasing the benefits to the Teamster Union members?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. In addition to that, Mr. Paul Dorfman, isn't it a fact that on occasion you have paid bills of Mr. James Riddle Hoffa?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it a fact that during the period of the past 12 months that you have supplied cash on behalf of Mr. James Riddle Hoffa?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And isn't it a fact also that Mr. Allen Dorfman has supplied cash to pay the bills, some of the bills, of Mr. James Hoffa?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Wasn't it a double situation: First, that you enabled him to move into Chicago with the control of the Teamsters in that area; and secondly, from the large accumulations of money that you were going to acquire through this Teamster contract, that you would on occasion pay his bills and make investments for him?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that you, yourself, as a union official, were never interested in the members of your union?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that you never attempted to enforce the contract that existed between your union and the Waste Trade Industry of Chicago?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that you also betrayed your membership by entering into collusive deals with the head of the Waste Trade Industry of Chicago, Mr. Shulman?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That the only interest that you ever had in these matters was in the income that you could acquire from your relationship with the union and your relationship with Mr. Hoffa?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Weren't you at the trial in New York, and also here in Washington, D.C., with Mr. Hoffa continuously, and weren't you in a hotel room in Chicago when Mr. Hoffa and several of his colleagues were selecting those officials who would run on his slate in Miami, Fla.?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And isn't this just one further example, but probably the most serious, of Mr. Hoffa's tieup with the underworld in what ultimately leads to a betrayal of the union membership?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Senator Ervin?

Senator ERVIN. Can you give this committee any satisfactory and honest explanation of why it was that the officials of the Teamsters Union who have been empowered to obtain insurance in behalf of the members of the Teamsters Union gave contracts to Allen Dorfman which resulted in the gift, virtually the gift, of hundreds of thousands of dollars to Allen Dorfman and your wife over and above what those same officials of the Teamsters could obtain the same services for from other companies?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator ERVIN. Mr. Dorfman, don't you think it is a tragic day in America when you and scores upon scores of other labor leaders who have been permitted to exercise authority over other men under the laws of this country, when they are asked about their activities as union leaders come here and, one after another, take the fifth amendment?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator ERVIN. Let me ask you this question: Don't you think that Congress, as far as interstate matters are concerned, and the State of Illinois and the other States of this Union, ought to take some kind of provision to pass some laws that would require such conduct on the



part of labor leaders that when they are called upon to account for their official actions that they don't have to hide behind the fifth amendment?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator ERVIN. That is all, Mr. Chairman.

The CHAIRMAN. The witness will probably be recalled later. You may stand aside for the present.

Call the next witness.

Mr. KENNEDY. Mr. Daniel Healy.

The CHAIRMAN. Be sworn, please.

Do you solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HEALY. I do.

### TESTIMONY OF DANIEL J. HEALY

The CHAIRMAN. Mr. Healy, give your name, your place of residence, and also your present business or occupation.

Mr. HEALY. Daniel J. Healy, regional director for the AFL-CIO region 14, comprising the States of Illinois and Iowa, residing in Skokie, Ill.

The CHAIRMAN. You waive counsel, do you, Mr. Healy?

Mr. HEALY. That is correct.

The CHAIRMAN. I didn't quite understand, and if you would, repeat for my information, your present occupation.

Mr. HEALY. Regional director of the AFL-CIO.

The CHAIRMAN. Very well. Proceed.

Mr. KENNEDY. Mr. Chairman, this witness is being called to develop the facts showing the lack of interest that Mr. Paul Dorfman has had in the union members of his local, what the situation was when the AFL-CIO took over this local, and the difficulty and problems that the AFL-CIO has had since that time, and the collusive arrangements that have existed among the Teamsters Union, Mr. Dorfman, and the Waste Trade Industry of Chicago.

Mr. Healy, would you tell the committee when you first became associated with the Waste Material Handlers Local Union in Chicago?

Mr. HEALY. Originally, President Meany put the local under trusteeship on December 27, 1956. The then regional director for the AFL-CIO, Eugene Moats, who has since been promoted to assistant to President Meany, was appointed to trustee.

I was transferred out of New England in July 1957 as regional director, replacing Mr. Moats, and as part of my duties I was appointed on July 31, 1957, by President Meany, as the trustee of directly affiliated local union 20467.

Mr. KENNEDY. How long had you been in the labor movement?

Mr. HEALY. Since 1940.

Mr. KENNEDY. What positions had you held?

Mr. HEALY. I have been a general organizer for the AFL since 1943. I have been New England regional director for the AFL since 1955. I was assistant regional director for the AFL-CIO in



New England for December 5, 1955, until my appointment as regional director for the 14th region.

Mr. KENNEDY. Would you follow through with the chronology, please?

Mr. HEALY. On taking over the the trusteeship of the local union, my predecessor, Mr. Moats, at that time discovered that the funds of the local union and the funds of the health and welfare fund, were maintained in a checking account in a bank in the city of Chicago. The funds in the health and welfare fund were not invested as per the trust agreement, and they were deposited, as I said before, in a checking account, requiring one signature, namely that of Paul Dorfman.

Mr. Shulman, who was the association trustee, did not at that time, sign any of the checks. Mr. Moats had the funds deposited in a savings account requiring two signatures on all moneys belonging to the health and welfare fund.

Mr. KENNEDY. Was this money that had been placed in the bank drawing any interest?

Mr. HEALY. No, that was not drawing interest.

Mr. KENNEDY. Was it drawing interest at all?

Mr. HEALY. It was in a checking account.

Mr. KENNEDY. What bank was that?

Mr. HEALY. The name of the bank slips me at the moment.

Mr. KENNEDY. The Exchange National Bank?

Mr. HEALY. That is correct.

Mr. KENNEDY. Is that the Exchange National Bank that is owned or operated by George Sax?

Mr. HEALY. To the best of my knowledge; yes.

Mr. KENNEDY. And George Sax also operates the Saxony Hotel in Miami?

Mr. HEALY. That I wouldn't have any knowledge of.

Mr. KENNEDY. Mr. Chairman, we will have further information with respect to the Saxony Hotel, George Sax, and Paul Dorfman.

But the money was deposited in this bank account without paying any interest?

Mr. HEALY. That is correct.

The CHAIRMAN. Give us some idea of the amount of funds, roughly.

Mr. HEALY. Roughly \$150,000 was deposited in the account of the health and welfare fund.

The CHAIRMAN. Just in an open checking account subject to the signature of Mr. Dorfman?

Mr. HEALY. That is correct.

Mr. KENNEDY. Was that in violation also of the trust agreement?

Mr. HEALY. Well, the truth agreement provided that the funds were to be invested.

We also discovered—when I say “we,” I mean the AFL-CIO—discovered that the insurance contract on which we were currently paying 1.5 of the total earnings, contained a clause which allowed the carrier at any time to raise the premiums to 2 percent. We are currently paying 1.8.

After taking over the local union in July, we had certain recommendations which we put into effect. We had to wait until Mr. Dorfman had full recourse, under the constitution.

His case was reviewed before the executive council in the AFL-CIO at their meeting in Chicago in 1957, and again before the appeals committee at the national convention, and again before the full convention at Atlantic City.

In all cases, President Meany's position was upheld.

Mr. KENNEDY. Did you find also misuse of union funds, that Mr. Dorfman was paying some of his personal bills, garage bills, et cetera?

Mr. HEALY. My predecessor, Mr. Moats, had an audit of the account, and the auditor's report shows that certain personal bills were paid out of the fund.

Mr. KENNEDY. That is, out of the welfare fund?

Mr. HEALY. That is correct.

Mr. KENNEDY. Did you also find that Mr. Paul Dorfman was being paid both out of the welfare fund and also by the union?

Mr. HEALY. For a period of time he was receiving a salary from the welfare fund and also receiving a salary from the general fund of the local union.

However, sometime in 1956 the total salary was paid out of the local fund, not out of the health and welfare. That move was made, I think, around December of 1956, prior to the local being placed under trusteeship.

Mr. KENNEDY. Is that also a violation of regulations, to be paid out of that?

Mr. HEALY. That is a violation of the ethical practices code as adopted by the AFL initially at its convention in Miami in 1954, and again adopted at the national convention, or the founding convention of the AFL-CIO in New York in 1955.

Mr. KENNEDY. Would you continue?

Mr. HEALY. After the convention upheld Mr. Meany's position, there were certain changes that we incorporated. We established an office setup whereby the office personnel—where the responsibilities were divided, with one office employee exclusively handling the affairs of the health and welfare fund and paying out of it, and the other handling the affairs of the local union.

We established an educational course at the University of Chicago for stewards, and also a leadership course for the officers of the local union.

We took an individual out of the waste trade industry and put him on the road, so to speak, as a chief steward to police the contract on a day-to-day basis. He is currently doing it.

It is sometime in—I don't recall the exact date that he went on. On or about February of 1958—February 27, to be exact—we notified the Waste Trade Association of a desire to amend and modify the current working agreement.

Prior to that, we have had one arbitration case involving—actually, two cases—one involving wage rates and the other involving contract interpretation as it related to holiday pay.

The contract in existence at that time provided for six paid holidays, although there were no strings attached; in other words, no penalty on the employee for working the day before or day after. When we went to police the action of that agreement, we were informed by various members of the association that even though the contract

clearly specified the employee did not have to work the day before and the day after, there was a mutual arrangement between the association and Mr. Dorfman to the effect that in some cases—and I think the employers in this active case took advantage of Mr. Dorfman's situation—and they said that the employee had to work as long as a month before and a month after before being eligible for holiday pay. We arbitrated the situation.

We lost the case involving the wage issue, and we won the case involving the holiday pay.

Mr. KENNEDY. This was a situation where the contract stipulated that they had six paid holidays, and yet the members of the association, the employers, said that they had a private agreement with Mr. Paul Dorfman, and the terms of the contract were not to be enforced?

Mr. HEALY. That is right. As part of their case, they submitted an exhibit signed by some 50 to 60 members of the association, stating that they had a mutual arrangement, or a mutual understanding, with Mr. Dorfman, regarding the working the day before and the day after the holiday before being eligible for holiday pay.

Mr. KENNEDY. So although the contract stipulated one thing, because of this arrangement they had been following a different practice?

Mr. HEALY. That is right.

Mr. KENNEDY. The contract was not being enforced?

Mr. HEALY. That is correct. On February 27, 1958, as I said before, we notified the association that we wished to amend, modify, and renew the agreement. We went into negotiation some 30 days later, and right along around that time Mr. Paul Dorfman conducted an organizational campaign. Our first knowledge was at B. Cohn & Sons, who is not a member of the association, where Mr. Dorfman went in with the knowledge of the employer and organized or signed up the employees on cards for Local 743 of the International Brotherhood of Teamsters.

At that time it was called to our attention that the authorization cards carried the designation of AFL-CIO after the local, and as a result of that unfair labor practice, charges were filed which were dismissed by the Board after investigation, mainly because the contract was an independent contract outside of the association and as such the expiration date was September 1, so that the move on Mr. Dorfman's part would be premature as far as that agreement was concerned.

Mr. KENNEDY. So what happened was that Mr. Dorfman had been expelled from the AFL-CIO, and you had found, or learned, that there had been misuse of union funds and a violation of the trust agreement regarding the welfare fund, and the contract that had been written with the association had not been enforced. After this information you started to enter into negotiations to sign a contract with the Waste Trade Industry of Chicago, and you found the same Paul Dorfman was then going to work for the Teamsters?

Mr. HEALY. That is correct.

Mr. KENNEDY. He was going to work for local 743 of the Teamsters?

Mr. HEALY. That is correct.

Mr. KENNEDY. Trying to sign up these association members?

Mr. HEALY. The employees of the association, yes.



I think the next incident was at Standard Re-Wash Co. where again Mr. Dorman signed up the employees on authorization cards which carried the designation of 743, International Brotherhood of Teamsters, AFL-CIO. We raised the question with the Board on the authenticity of the cards mainly because the Teamsters were no longer a part of the AFL-CIO at that time, and as a result the local union, 743, withdrew their petition. However, the employer filed with the Board an RN petition, which is one requesting an election among the employees, and the Board processed the petition and the Teamsters were successful in defeating the directly affiliated local union by some 2 to 1, as I recall, and I don't have the exact count.

Mr. KENNEDY. Did you find evidence that the employers were helping local 743 of the Teamsters?

Mr. HEALY. Well, I wouldn't say they were helping 743.

Mr. KENNEDY. They were helping Paul Dorfman?

Mr. HEALY. They were helping Paul Dorfman.

Mr. KENNEDY. And he was representing the union?

Mr. HEALY. I assume so.

Mr. KENNEDY. Well, you know he was helping 743 or working for 743?

Mr. HEALY. He was working for 743.

Mr. KENNEDY. And did you find evidence that the employers were assisting Paul Dorfman in signing up these employees?

Mr. HEALY. He had free access to the plants, and after the contract expired on April 31, we went for a period of time actually from April 30 until somewhere around November 6 or the middle of November before we finally concluded an agreement with the association. Until all of that period of time, Mr. Dorfman in many cases with the assistance of the employers harassed us from an organizational standpoint. We got down to June of 1958 where we thought we had a meeting of the minds on the agreement, and we presented it to the membership on June 12 of 1958, and it was ratified by the membership. The association were meeting the same night, and their attorney, Mr. Goodman, had requested that we at least make our position known as far as the local union was concerned.

Mr. KENNEDY. Is that Mr. Phil Goodman?

Mr. HEALY. That is correct.

Mr. KENNEDY. He was representing the association?

Mr. HEALY. That is correct, during the negotiations.

Mr. KENNEDY. We have already had testimony in connection with him, Mr. Chairman, as representing the insurance company, and representing Allen Dorfman, and he has also gone into business deals with James R. Hoffa.

Mr. HEALY. At the meeting on June 12, the members of the association saw fit not to go along with their negotiating committee and did not ratify the agreement from the employers' standpoint and withdrew their offers and so notified us. We actually went from that period of time up until the early part of September when we had occasion to contact the new attorney for the association, Mr. Dave Silbert, regarding a contract with W. B. Cohn & Sons, not a member of the association. At that time further discussion was resumed on the contract and Mr. Silbert secured the signatures of the various members of the association empowering him to negotiate an agreement for them.



We finally concluded an agreement, as I said before, somewhere around the middle of November.

Mr. KENNEDY. Is it a good agreement?

Mr. HEALY. Personally, it is not as good an agreement as I would like to have seen in there. I say this: We are not proud of it, and we negotiated at a time when we had an economic recession as far as the waste industry was concerned, plus the fact that we had this continual harassment from Mr. Dorfman that certainly was not the best atmosphere to negotiate a decent agreement in.

Mr. KENNEDY. If you had not conceded on some of the points, do you realize that the association would have signed up with Paul Dorfman and 743?

Mr. HEALY. Well, he was still conducting his organizational campaign, plus the fact that the association some time in June had filed an RN petition with the National Labor Relations Board requesting an election.

Mr. KENNEDY. Was that unusual for the association to file that?

Mr. HEALY. It is unusual for an employer who has had contractual relationship with an organization for a long period of time to file what is known as an RN petition.

Mr. KENNEDY. What do you think their reason and purpose for doing that was?

Mr. HEALY. I would assume that Mr. Dorfman had been unsuccessful in securing the required number of authorization cards to file a prime petition. In this way, he would have the opportunity, or the employees would have an election, and the Board would order an election on the basis of the petition filed by the employer.

Mr. KENNEDY. This showed once again the relationship that existed between the association members and Mr. Paul Dorfman?

Mr. HEALY. That is correct.

Mr. KENNEDY. Now, did you realize or feel that if you did not sign a contract and give in on some of these points, that you would have had even more difficulty in the contract that might have been signed?

Mr. HEALY. We had gone some 6 months, Mr. Kennedy, without a contract, and no health and welfare was being deducted and no dues were being deducted by the members of the association and we had no grievance procedure and our stewards were not recognized over that period of time because the association took the position that the contract expired on April 30, and therefore they had no obligation as far as collective bargaining was concerned or of recognizing our stewards or processing any grievances. Over that period of time I would say that the employees were used rather roughly by various members of the association.

Mr. KENNEDY. Tell me this: What was the situation as far as the local is concerned? Was it run and controlled pretty much by Paul Dorfman prior to your coming in there?

Mr. HEALY. Well, when my predecessor, Mr. Moats, took over, he discovered that the president of the union had very, very seldom run a meeting and Mr. Dorfman always chaired the meetings.

And the minutes of the meeting were taken by the office secretary rather than the recording secretary of the local union, which is rather unusual.

Mr. KENNEDY. And when Mr. Dorfman was before the AFL-CIO ethical practices committee, didn't Mr. Shulman appear as a character witness for him?

Mr. HEALY. I was not present at that hearing, but I understood he did.

Mr. KENNEDY. And also Mr. George Sax, who ran the bank, appeared as a witness?

Mr. HEALY. The minutes show that they both appeared.

Mr. KENNEDY. Both of those gentlemen appeared?

Mr. HEALY. That is right.

Mr. KENNEDY. Had there been a negotiating committee for that local, to negotiate contracts with the association, or Mr. Paul Dorfman?

Mr. HEALY. Prior to the trusteeship, it is our understanding, no.

Mr. KENNEDY. That Mr. Paul Dorfman had done it all?

Mr. HEALY. That is correct.

Mr. KENNEDY. What about time and a half? Did you find out whether that provision had been enforced or whether the members were to receive time and a half?

Mr. HEALY. During the negotiations, one of the stumbling blocks or one of the issues that was debated at some length was time and a half after 8 hours. Naturally, we took the position that something that was in the agreement for a long period of time was involved, and I couldn't see any reason why the negotiating committee for the association should object to it. It was something that had been in the agreement for some 8 or 10 years prior. One of the members of the association made the remark that it may have been in the contract but he didn't think it was being paid.

Mr. KENNEDY. Did you find out for yourself, from talking to some of the employees, that they didn't receive it?

Mr. HEALY. That we haven't been able to check into, and that would be a tremendous job.

Mr. KENNEDY. Did you find any employees that said they had not been paid time and a half?

Mr. HEALY. We have had some grievances on the issue, and it is also on the scale where we have processed and we have collected them.

Mr. KENNEDY. What about grievances, had there been any processing of grievances prior to your coming in there, that you could find?

Mr. HEALY. Well, to the best of our knowledge, Mr. Dorfman did process grievances on occasions.

Mr. KENNEDY. Was that a general procedure?

Mr. HEALY. As far as we can find out, yes, he processed grievances, on behalf of the men.

The CHAIRMAN. Are there any questions?

If not, call the next witness.

Mr. KENNEDY. Mr. Don Peters.

The CHAIRMAN. Mr. Peters, will you come around?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PETERS. I do.

TESTIMONY OF DONALD PETERS, ACCOMPANIED BY COUNSEL,  
EDWARD J. CALIHAN, JR.

The CHAIRMAN. State your name and your place of residence and your business or occupation, please.

Mr. PETERS. Donald Peters, residing in Illinois, president of the Warehouse and Mail Order Employees Union, Local 743, of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America.

The CHAIRMAN. Thank you very much.

You have counsel, and will you identify yourself?

Mr. CALIHAN. My name is Edward J. Calihan, Jr., 105 West Adams, Chicago, Ill., member of the bar of the State of Illinois.

Mr. KENNEDY. How long have you been associated with local 743, Mr. Peters?

(The witness conferred with his counsel.)

Mr. PETERS. Since it was chartered in 1941.

Mr. KENNEDY. When did you become an officer?

Mr. PETERS. Since that time.

Mr. KENNEDY. You became an officer immediately?

Mr. PETERS. Yes, sir.

Mr. KENNEDY. What had you done prior to that time?

(The witness conferred with his counsel.)

Mr. PETERS. I worked in a warehouse.

Mr. KENNEDY. Were you one of the original applicants for a charter?

Mr. PETERS. Yes; I believe I was.

Mr. KENNEDY. How many members of the union were there at that time?

Mr. PETERS. I wouldn't know for sure; it is around 500.

Mr. KENNEDY. How many are there now?

Mr. PETERS. Fifteen thousand.

Mr. KENNEDY. What was your original position with the union?

Mr. PETERS. Trustee.

Mr. KENNEDY. Did you ultimately take another position, ultimately get another job?

Mr. PETERS. I am president of the union today.

Mr. KENNEDY. When did you become president?

Mr. PETERS. In 1946.

Mr. KENNEDY. Was the union in trusteeship at all?

Mr. PETERS. Never.

Mr. KENNEDY. It never was.

Mr. PETERS. No, sir.

Mr. KENNEDY. You were just one of the three trustees?

Mr. PETERS. Yes, sir.

Mr. KENNEDY. Were you elected president originally?

Mr. PETERS. Yes.

Mr. KENNEDY. Did you have any opposition?

Mr. PETERS. No.

Mr. KENNEDY. When did you last run for office?

Mr. PETERS. In 1955 or 1956, and I am not sure.

Mr. KENNEDY. Did you have any opposition at that time?

Mr. PETERS. No, sir.



Mr. KENNEDY. Have any of the officers ever had any opposition?

Mr. PETERS. Well, I was in service for 3 years, and I don't know if there was during that time.

Mr. KENNEDY. That you know of?

Mr. PETERS. Not that I know of.

Mr. KENNEDY. What is your salary, and what do you receive from the union now?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is there anything about your salary, or your remuneration from the union that is illegal?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. If there is anything in your answer that would tend to incriminate you, there is bound to be something illegal or improper or something that reflects upon the transactions for you to represent the union or to be employed by the union.

Do you want to leave the record that way, that there is something that might tend to incriminate you if the truth were known about it and if you answered the question truthfully?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. You do leave the answer that way, then. Is that correct?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Proceed, Mr. Kennedy, and this is another case of someone working in a position of trust and responsibility for union people, the people who pay the dues, and he can't give an accounting of his stewardship without self incrimination.

Mr. KENNEDY. We understand, Mr. Peters' income in 1958 was approximately \$27,300; in 1957 it was \$21,950; in 1956, \$19,170; in 1955, \$15,950; and in 1954, \$11,100.

Is that correct, Mr. Peters?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Your salary has gone up more than double in a 4-year period, since 1954, is that correct?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. For clarification, do you mean his salary from the union, according to the information we have, has ranged from \$11,000 in 1953 and 1954, to \$27,300 in 1958?

Mr. KENNEDY. That is right.

Senator ERVIN. Which incidentally is in excess of that of a Member of the Senate who works about 14 hours a day, and I just would like to ask the witness what services he performs which entitle him to receive a salary in excess of that of a U.S. Senator who works, I think, most of us, very faithfully for our constituents, about 14 hours a day.

Would you do that, please? What services do you render that entitle you to draw a salary out of this local union of approximately \$27,000 a year?



Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You leave the impression, those of you who take the fifth amendment on the question of what kind of service you render to a union or to a local or to organized labor, as to what kind of services you render, that there is something immoral or illegal about representing a union, or representing working people.

It casts a reflection that I don't think they deserve. I think that the working people of this country, the dues-paying members, like the rest of the people of America, are decent, law-abiding citizens. I think it is an outrage that union leaders, people who occupy positions of trust, have to come in here and virtually slander them and lie about them by taking the fifth amendment when they testify under oath that they can tell what they do to serve them without possible self-incrimination.

I think it is just that flagrant a case of either the abuse of the fifth amendment or willful reflection upon honest, decent unionism.

Senator ERVIN. Mr. Chairman, as you remark, there are a lot of people that fail to distinguish between union officers who come here and take the fifth amendment, and others like Mr. Healy who come here and take the stand and, without any fear, give the committee testimony.

I am convinced from attending these hearings that a large percentage of the corruption that we have unearthed in some of the unions we have investigated has been due to the fact that the officers in those unions have absolutely refused to abide by any code of ethics which keeps them from occupying a position to put them in conflict of interest as is forbidden by the code of ethical practices of the AFI-CIO.

If officers would observe such a code of ethical practices in these unions where officers take the fifth amendment, a large part of the corruption that we have discovered would never have occurred.

The CHAIRMAN. I think that the public draws the distinction between the decent element in unionism, as Mr. Healy comes up here and cooperates and tries to help the committee and tries to help the Government and rise to render a real service to unionism by helping to expose and helping to disclose the information that would give the Congress what it needs to legislate against this element that is unworthy, in my judgment, of the name of unionism.

They have to reflect upon the people they work for to avoid telling the kind of service they render.

All right; proceed, Mr. Kennedy.

Mr. KENNEDY. Now, Mr. Chairman, the matter that Mr. Peters is being called on primarily deals with this situation in Chicago, where the efforts of Paul Dorfman were working for Mr. Peters' local to bring the employees of the Waste Trade Industry of Chicago into the Teamsters' Union.

We have the information and the testimony from previous witnesses that this was done with the collusion of the employers. We also have information that this arrangement was made in February of 1958 at a meeting at the Castaways Motel in Miami Beach, Fla., which the record shows was attended by Mr. Paul Dorfman, Mr. Allen Dorfman, Mr. Don Peters, and that Mr. Ted Shulman, head of the association, and Mr. James Hoffa, were also present.

We also have information that Mr. Bernie Nemerov also attended the meeting.

The CHAIRMAN. Mr. Peters, the Chair presents to you a photostatic copy of a check dated March 20, 1958, drawn in favor of the American Airlines, Inc., in the amount of \$866.38. It is drawn on the Warehouse & Mail Order Employees Local Union, No. 743, countersigned by Don Peters as president.

I ask you to examine that photostatic copy and state if you identify it.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

Mr. PETERS. What is the question, Senator?

The CHAIRMAN. Do you identify that photostatic copy of the check as a copy of the original, and are you familiar with the check?

(The witness conferred with his counsel.)

Mr. PETERS. I respectfully decline to answer, because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let the record show the Chair presented the check. I now ask you to examine the signature above the line that says "Countersigned" on the end of the check. I ask you to state whose name appears there.

(The witness conferred with his counsel.)

Mr. PETERS. Donald Peters.

The CHAIRMAN. Is that name written in your signature?

Mr. PETERS. Yes, sir.

The CHAIRMAN. Thank you very much. Then you did sign the check?

Mr. PETERS. Yes, sir.

The CHAIRMAN. The check may be made exhibit No. 230.

(The check referred to was marked "Exhibit No. 230" for reference and will be found in the appendix on p. 16192.)

The CHAIRMAN. For what purpose was the check issued, Mr. Peters?

(The witness conferred with his counsel.)

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I believe the stub of the check shows that it is for air travel for Hesther and Peters. Would that Peters be you?

Mr. PETERS. I didn't hear the question.

The CHAIRMAN. I think the stub of this check, shows, or has a notation on it, that it is for air travel for Hesther and Peters. Would that Peters be you?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Who is the man Hesther?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you know him?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. On that transportation that was purchased, did you travel from Chicago to Miami at that time?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. While you were there in Miami Beach, I believe it was, did you stay at the Castaways?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I hand you here photostatic copies of hotel bills, one charged to Don Peters of 220 South Ashland Boulevard, Chicago, Ill. Is that your address?

Mr. PETERS. Yes, sir.

The CHAIRMAN. I hand you this photostatic copy of hotel bills, dated February 16, 1958, and ask you to examine it and state if you identify it.

(The documents were handed to the witness.)

(The witness conferred with his counsel.)

Mr. PETERS. What was the question, Senator?

The CHAIRMAN. Do you identify that as your hotel bill while you stayed down there? That is a photostatic copy of it. Do you identify it as such?

Mr. PETERS. I don't recall, sir.

The CHAIRMAN. It appears to be about correct, doesn't it?

Mr. PETERS. I didn't hear that.

The CHAIRMAN. I say, upon your examination of it, does it appear to be substantially correct?

Mr. PETERS. I have no knowledge.

The CHAIRMAN. Did you receive a bill for your hotel when you stayed down there?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. In other words, if you stayed at the hotel and the hotel presented you a bill, that might tend to incriminate you? Is that what you are testifying?

Mr. PETERS. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. Make that item, that hotel bill, exhibit No. 231. There will be further testimony about it.

(The document referred to was marked "Exhibit No. 231" for reference and may be found in the files of the select committee.)

The CHAIRMAN. May I ask you if Mr. Paul Dorfman and Mr. Allen M. Dorfman also stayed at the same hotel at the same time as you were there, as reflected by that bill?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you know Allen Dorfman?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you know Paul Dorfman?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Have you ever had any business transactions with them?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.



The CHAIRMAN. What scheme or business transaction did you talk or confer about while you were in Miami Beach at this hotel, at that time, February 1958?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Did something take place there that you can't talk about without the possibility of self-incrimination on something between the three of you?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. All right, Mr. Counsel, you may proceed.

Mr. KENNEDY. Mr. Chairman, could we have Mr. Dick Sinclair place in the record the hotel records?

The CHAIRMAN. Mr. Sinclair, please be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SINCLAIR. I do.

### TESTIMONY OF RICHARD G. SINCLAIR

The CHAIRMAN. State your name, your place of residence, and your present employment.

Mr. SINCLAIR. My name is Richard G. Sinclair. I am employed as a staff member of the Senate Select Labor Committee. My residence is Washington, D.C.

The CHAIRMAN. Have you been active in the investigation of this particular subject matter under investigation, particularly Mr. Dorfman, Mr. Paul Dorfman, Allen Dorfman, and Mr. Peters, who is presently on the witness stand?

Mr. SINCLAIR. I have, sir.

The CHAIRMAN. I hand you here a photostatic copy of what purports to be a copy of the hotel bill of Mr. Paul Dorfman and also of Mr. Allen M. Dorfman, at the Castaways, Miami Beach, Fla., dated February 10, 1958.

I will ask you to examine those photostatic copies and ask you if you identify them.

Mr. SINCLAIR. I do identify them, sir.

The CHAIRMAN. Where did you procure them? How were they procured?

Mr. SINCLAIR. These were procured from the Castaways Motel.

The CHAIRMAN. They may be made exhibit No. 232.

(The documents referred to were marked "Exhibit No. 232" for reference and may be found in the files of the Select Committee.)

Mr. KENNEDY. Mr. Chairman, we also have the invoice on Shulman's transportation down to Miami.

The CHAIRMAN. Mr. Sinclair, I present you with another document and an invoice. The document I refer to is Delta Airlines, Inc., transportation receipt, and the invoice is No. 28747, dated February 3, 1958.

Will you examine that document and invoice and state if you identify them?

(The documents were handed to the witness.)



Mr. SINCLAIR. This is an invoice for air travel for Bernie Nemerov and Ted Shulman to Miami in February 1958. I do identify it.

The CHAIRMAN. From where?

Mr. SINCLAIR. From the records of the Sanatex Corp., which is the corporation in which Mr. Shulman is principal stockholder.

The CHAIRMAN. And the transportation was from Chicago, for travel from Chicago to Miami?

Mr. SINCLAIR. From Chicago to Miami; that is correct.

The CHAIRMAN. That may be made exhibit No. 233.

(Document referred to was marked "Exhibit No. 233" for reference and will be found in the appendix on p. 16193.)

Mr. KENNEDY. To expedite this matter, Mr. Chairman, could I further call Mr. Sinclair and place some other documents in the record?

The CHAIRMAN. Very well.

Mr. KENNEDY. We also found, with our interview with Mr. Shulman, that he notified us or informed us that Mr. Hoffa was also present; is that correct?

Mr. SINCLAIR. That is correct.

Mr. KENNEDY. Mr. Shulman will be a witness.

**TESTIMONY OF DONALD PETERS, ACCOMPANIED BY COUNSEL,  
EDWARD J. CALIHAN, JR.—Resumed**

The CHAIRMAN. Mr. Peters, tell us who were present down there at this conference, will you, please, and that will shorten it.

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Very well. Proceed.

Mr. KENNEDY. I just want to go into some expenses of that local union, Mr. Chairman.

Did your union purchase \$600 worth of tickets to the Robinson-Basilio fight, Mr. Peters?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Do we have some documents on that?

The CHAIRMAN. I present to you a check, countersigned by you, drawn on your local No. 743, dated March 7, 1958, in the amount of \$600, payable to Harold Ryan.

Will you examine that original check and state if you identify it?

(Document handed to the witness.)

(Witness conferred with his counsel.)

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let that check be made exhibit No. 234.

(The document referred to was marked "Exhibit 234" for reference and will be found in the appendix on p. 16194.)

The CHAIRMAN. Mr. Sinclair, I present to you a check which I have just presented to Witness Peters. It has been made exhibit No. 234. I will ask you to identify the check for us, please, sir. That is, if you can.

Mr. SINCLAIR. I identify the check, Senator.

The CHAIRMAN. What is it?

Mr. SINCLAIR. A check for \$600, made payable to Harold Ryan. It is dated March 7, 1958. It is for 15 fight tickets to the Robinson-Basilio fight, at \$40 apiece.

The CHAIRMAN. Is it drawn by the union?

Mr. SINCLAIR. Drawn by local 743.

The CHAIRMAN. Fifteen fight tickets?

Mr. SINCLAIR. Yes.

The CHAIRMAN. Mr. Peters, who attended the fight at union expense, the sweat of the boys who sweat and earn the money?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. If you did, don't you think you owe your union boys the money that you took out of their treasury and paid for these tickets with?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, we have here where they went to dinner prior to going to the fight. This is a bill for \$196 to pay for the dinner.

The CHAIRMAN. Mr. Sinclair, we have a witness who could give us firsthand information, but he is a bit reluctant.

If you can, identify the check and the bill which I now present to you. Will you do so, sir?

Mr. SINCLAIR. The check is drawn on the funds of Local 743, for \$196.60, made payable to the Erie Cafe, and dated April 1, 1958. It is for 26 dinners by Mr. Peters' party on March 25, 1958, at the Erie Cafe.

The CHAIRMAN. This check and the bill attached to it may be made exhibit No. 235.

(Document referred to was marked "Exhibit No. 235" for reference, and will be found in the appendix on pp. 16195-16196.)

The CHAIRMAN. Mr. Peters do you want to make any comment about this check, \$196.60, to the Erie Cafe?

Mr. PETERS. No, sir.

The CHAIRMAN. Do you want to state why you think this was an appropriate charge against the boys who work and who pay the dues? Do you want to make any comment about that?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. How many of you feasted on this \$196 on that day?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Did you leave the affair hungry?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me, sir.

The CHAIRMAN. All right. I believe the check has already been made an exhibit.

Mr. KENNEDY. What was that charged to on the books and records?

Mr. SINCLAIR. The charge on the books and records was to organizational expense.

Mr. KENNEDY. For what?

Mr. SINCLAIR. Local 743, International Brotherhood of Teamsters. The CHAIRMAN. How was the \$600 charged for the tickets to the fight?

Mr. SINCLAIR. That charge was made to the same thing.

The CHAIRMAN. Organizational expenses?

Mr. SINCLAIR. Organization expenses.

Senator ERVIN. Maybe they were organizing appetities on one occasion.

Mr. KENNEDY. We also found that the members of the Waste Trade Industry of Chicago attended the fight, did they not?

Mr. SINCLAIR. Yes, they did, Mr. Kennedy.

Mr. KENNEDY. And attended the fight in the same section, sat in the same section?

Mr. SINCLAIR. They were seated in the same general area with the members of the Teamsters local that attended the fight.

Mr. KENNEDY. Here is a check for \$4,289.89.

The CHAIRMAN. Mr. Peters, the Chair presents to you a photostatic copy of a check dated November 5, 1957, payable to the Fontainebleau Hotel Corp., in the amount of \$4,289.89. It appears to be on your local, No. 743, and countersigned by you, together with a bill attached to it, which says "The James Hoffa Dinner, your share, one-third of \$12,869.65." Your one-third of it is \$4,289.89, the amount of the check. I hand you the check, a photostatic copy, and also the original bill. I ask you to examine them and state if you identify them.

(Documents handed to the witness.)

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Is there something about giving Jimmy Hoffa a dinner, a lavish dinner like that, that might tend to incriminate you or the local union you represent?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. The check and the bill attached will be made exhibit No. 236.

(Documents referred to were marked "Exhibit No. 236" for reference and will be found in the appendix on pp. 16197-16198.)

Mr. KENNEDY. Mr. Chairman, that was put a third of the cost of the dinner.

The CHAIRMAN. That is what it shows on the bill.

Senator ERVIN. Was that dinner given to Mr. Hoffa in connection with his campaign for election to the presidency of the Teamsters Union in Miami last year?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Mr. Peters, I present you another check drawn on your union, dated December 14, 1956, in the amount of \$1,150, made payable to cash. It appears to be countersigned by you. I will ask you to examine that check and state if you can identify it.

(Document handed to the witness.)

(Witness conferred with his counsel.)

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.



The CHAIRMAN. The stub of that check shows for "Christmas gratuities." Do you know what that is?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Was the Christmas presents you purchased on behalf of your union?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Who got that gratuity?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Did you get some of it?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The check will be made exhibit No. 237.

(The check referred to was marked "Exhibit No. 237" for reference and will be found in the appendix on p. 16199.)

The CHAIRMAN. I present you another check. That was December 14, 1956, I believe, the other check. Now I present you another check dated January 3, 1957; it appears to be countersigned by you. It is on your local and made payable to Hygrade Food Products Corp., in the amount of \$1,901.34. The stub to this check recites that it is for Christmas turkeys for stewards.

I wish you would examine the check, and the photostatic copy of the check, of the stub, and state if you identify it.

(Document handed to the witnesses.)

(The witness conferred with his counsel.)

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you think buying turkeys to feed stewards is kind of incriminating?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The check and stub may be made exhibit No. 238.

(Documents referred to marked "Exhibit No. 238" for reference and will be found in the appendix on p. 16200.)

Senator ERVIN. Let me ask a question right there.

Did your local union authorize you to purchase those turkeys to make gifts of them to the stewards?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator ERVIN. I wish you would tell me how it would tend to incriminate you if your local authorized you to expend those funds.

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator ERVIN. I can only assume, or at least I think the public would assume, that they did not authorize that because it could not possibly incriminate you if it had been authorized.

Mr. KENNEDY. Mr. Chairman, I would like to call, if I may, Mr. Allen Dorfman, and ask him about an item that we have.

The CHAIRMAN. Come forward, Mr. Dorfman.



**TESTIMONY OF ALLEN DORFMAN, ACCOMPANIED BY COUNSEL,  
STANFORD CLINTON—Resumed**

The CHAIRMAN. Mr. Dorfman, you have been previously sworn. You will remain under the same oath.

Mr. ALLEN DORFMAN. Yes, sir.

The CHAIRMAN. I present to you a photostatic copy of part of a hotel bill. It appears to be a hotel bill from the Hotel Saxony, in Miami, Fla. I ask you to examine this hotel bill, the photostatic copy, and state if you identify it, please, sir.

(Document handed to the witness.)

(The witness conferred with his counsel.)

Mr. ALLEN DORFMAN. I claim my privilege under the fifth amendment of the Constitution.

The CHAIRMAN. Mr. Sinclair?

Mr. KENNEDY. It would have to be identified by Mr. Findlay.

**TESTIMONY OF JOHN P. FINDLAY—Resumed**

The CHAIRMAN. Mr. Findlay, you have been previously sworn. I present to you the photostatic copy of the hotel bill I just presented to the witness Dorfman. Can you give us an explanation of it, identify it and state what it is?

Mr. FINDLAY. This is a photostat of the invoice rendered to the Union Insurance Agency of Illinois, and paid by Allen Dorfman's partnership, that company.

The CHAIRMAN. What company?

Mr. FINDLAY. The Union Insurance Agency of Illinois.

The CHAIRMAN. It was paid by Allen Dorfman's partnership company, going under the trade name of what?

Mr. FINDLAY. Union Insurance Agency of Illinois.

The CHAIRMAN. The Union Insurance Agency of Illinois. What is the amount of the bill?

Mr. FINDLAY. The full amount of the bill is \$2,142.96.

The CHAIRMAN. Where did you get the bill?

Mr. FINDLAY. We got the original bill from the Saxony Hotel in Miami.

Mr. KENNEDY. This bill he is talking about.

Mr. FINDLAY. This bill we got from the files of the Union Insurance Agency of Illinois.

The CHAIRMAN. That photostatic copy of the bill may be made Exhibit No. 239.

(Document referred to was marked "Exhibit No. 239" for reference, and may be found in the files of the select committee.)

The CHAIRMAN. Mr. Dorfman, I ask you to note at the bottom of this bill—apparently there was an erasure on line 24, right at the extreme bottom of the bill. I wish you would examine this photostatic copy again and look at the place where the erasure obviously was made on line 24 at the bottom, and tell the committee what was erased.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

**TESTIMONY OF ALLEN DORFMAN, ACCOMPANIED BY COUNSEL,  
STANFORD CLINTON—Resumed**

Mr. ALLEN DORFMAN. I claim my privilege under the fifth amendment to the Constitution.

The CHAIRMAN. While you have that before you, I present to you the original bill, which may help to explain it for you, of which that is a photostatic copy. Will you examine the original bill and see what is reflected in that line?

(The document was handed to the witness.)

The CHAIRMAN. Look at the line where the erasure appears on the photostatic copy.

Mr. CLINTON. Is there a pending question, Mr. Chairman?

The CHAIRMAN. Yes. Do you recognize that as the original from which the photostatic copy that has been made an exhibit was taken?

Mr. ALLEN DORFMAN. I claim my privilege under the fifth amendment to the Constitution.

The CHAIRMAN. You wouldn't say that that is the original, then?

Mr. ALLEN DORFMAN. I claim my privilege under the fifth amendment to the Constitution.

The CHAIRMAN. Do you think that that might tend to incriminate you, if that is the original?

Mr. ALLEN DORFMAN. Yes, sir.

The CHAIRMAN. I see. What does it say on that bottom line, line 24, where the erasure appears on the photostatic copy? What does it say on there? Look at line 24.

(The witness conferred with his counsel.)

Mr. ALLEN DORFMAN (reading). "Check to Donald Peters."

The CHAIRMAN. How much?

Mr. ALLEN DORFMAN (reading). "February 4, 1955, \$593.13."

The CHAIRMAN. Did you have Mr. Peters given a check and have it charged to your bill or to your company?

Mr. ALLEN DORFMAN. I claim my privilege under the fifth amendment of the Constitution.

Mr. KENNEDY. Did you receive it, Mr. Peters?

**TESTIMONY OF DONALD PETERS, ACCOMPANIED BY COUNSEL,  
EDWARD J. CALIHAN, JR.—Resumed**

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Peters, can you tell—

The CHAIRMAN. That bill was paid, as I understand it, out of union funds?

Mr. KENNEDY. No; out of the insurance funds.

The CHAIRMAN. Out of the insurance company.

Mr. KENNEDY. The point, of course, Mr. Chairman, is that we subpoenaed the records of Mr. Allen Dorfman, and received this record from Allen Dorfman, and found this erasure, so that you couldn't identify the caption that said it was a check to Donald Peters. We went then and obtained the original and found the fact that this amount of \$593 check had been sent.

The CHAIRMAN. Mr. Peters, of course, represents the union, and Mr. Dorfman represents the insurance company.

Mr. Dorfman, it appears here that you gave a check on your company, \$593.13, to Mr. Peters. I will ask you if you had the insurance business of Mr. Peters' local, local 743.

Mr. ALLEN DORFMAN. I claim my privilege under the fifth amendment to the Constitution.

The CHAIRMAN. Was this a kind of kickback in premiums to Mr. Peters? Is that what it is? Is that why you can't talk about it?

Mr. ALLEN DORFMAN. I claim my privilege under the fifth amendment to the Constitution.

The CHAIRMAN. What kind of a transaction was it?

If that is an erroneous assumption in the face of the facts before us, if that is an erroneous assumption, will you give us the correct facts about it?

Mr. ALLEN DORFMAN. I claim my privilege under the fifth amendment to the Constitution.

The CHAIRMAN. Is there anything further, Mr. Kennedy?

Mr. CLINTON. Mr. Chairman, may I ask the date of that?

The CHAIRMAN. Let this original bill be attached to exhibit No. 239. Let it be made exhibit 239-A and attached to that exhibit.

(Document referred to was marked "Exhibit 239-A" for reference, and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Peters, why would you use somebody like Paul Dorfman to assist you in organizing the Waste Handlers employees in Chicago?

Mr. PETERS. Mr. Kennedy, I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. That is the matter which is of primary interest to us, as to why, when the evidence was developed, that he was making collusive deals with the employers, that he was very closely associated with Mr. Shulman, the evidence was that he was not enforcing the contracts, and he is kicked out because of these facts and the facts that he misused union funds, why would you then use somebody like him to assist you in organizing the employees.

Could you explain that to us, Mr. Peters?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, I would like to call Mr. Shulman, if I may.

Mr. CLINTON. Are the Dorfman's now excused?

Mr. KENNEDY. Why doesn't he stay until the end of the hearings this morning?

The CHAIRMAN. Mr. Shulman, come forward. Be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SHULMAN. I do.

### TESTIMONY OF THEODORE SHULMAN, ACCOMPANIED BY COUNSEL, DAVID SILBERT

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. SHULMAN. My name is Ted Shulman. I live at 6221 North Central Park, in Chicago. I am president of the Sanatex Corp.



and also executive director of the Waste Trade Industry of Chicago.

The CHAIRMAN. You have counsel.

Mr. Counsel, identify yourself for the record.

Mr. SILBERT. David Silbert, member of the Illinois bar, located at 111 West Washington Street, Chicago, Ill.

The CHAIRMAN. All right, Mr. Kennedy.

Thank you, Mr. Counsel.

Mr. KENNEDY. What is the Sanatex Corp., Mr. Shulman?

Mr. SHULMAN. We are in the wiping cloth and polishing cloth business.

Mr. KENNEDY. And do you sell to the U.S. Government and private industry? Is that right?

Mr. SHULMAN. That is right.

Mr. KENNEDY. What percentage of your sales are to the U.S. Government, Mr. Shulman?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. If you told how much of your business was with the U.S. Government it would tend to incriminate you?

(The witness conferred with his counsel.)

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. What is there about doing business with the Government that is wrong or might be incriminating to you? Would you tell us? I would like to find out what happens with the Government that you can't have contact or business with your Government without having possible self-incrimination. Can you enlighten us at all?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You are associated with the business world, aren't you?

Mr. SHULMAN. Yes, sir.

The CHAIRMAN. Do you regard yourself as a businessman?

Mr. SHULMAN. Yes, sir.

The CHAIRMAN. Don't you think it is downright disgraceful and contemptible when businessmen and union people can't work together or have business relations without placing themselves in the position that when they are asked to give a report or an accounting of that relationship, that they can't testify without honestly believing that a truthful answer to questions pertaining to it might tend to incriminate them?

Don't you think it downright degrading to be in that situation?

(The witness conferred with his counsel.)

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. How many members of the Waste Trade Industry are there in Chicago?

(The witness conferred with his counsel.)

Mr. SHULMAN. About 90.

Mr. KENNEDY. And how many employees do they have?

Mr. SHULMAN. I imagine between 600 and 700; thereabout.



Mr. KENNEDY. You receive approximately \$8,600 from the association each year; is that right?

(The witness conferred with his counsel.)

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Is that income sent or forwarded directly to the Sanatex Corp.?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Is the purpose of that to avoid paying taxes yourself on that money?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And you also receive some \$10,000 from the Sanatex Corp.; is that correct?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You have known Paul Dorfman for how long?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You have known him for approximately 20 years, have you not?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And you have had arrangements with him since he has been head of the Waste Handlers local that he would not enforce the contract for your employees?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You had a close business, financial, and personal relationship with Paul Dorfman for a long period of about 20 years, did you not, Mr. Shulman?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. For instance, Mr. Dorfman represented you, and represented the other members of the Waste Trade Industry, in negotiating a contract with Teamsters Independent Local 705 in Chicago; isn't that correct?

While a union official, he represented the association in negotiating a contract; isn't that right?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Shulman looks so pained, Mr. Chairman. When I asked him that question, he shook his head vigorously. I would like to show him a document.

The CHAIRMAN. Mr. Shulman, the Chair presents to you two documents, or memorandums, one dated November 8, 1951. It is on Waste Trade Industry of Chicago stationery.

Another one is on the same stationery, dated November 16, 1951. Each appears to have been signed by you as executive director of the Waste Trade Industry, and also by Edward Lissner, as president of that association.

I ask you to examine these two and state if you identify them.

(The documents were handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. Do you identify them? Do you recognize them as the originals or as genuine?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

The CHAIRMAN. Does your signature appear on them?

Mr. SHULMAN. Yes, sir.

The CHAIRMAN. It does. Then they may be made exhibit No. 240.

(The documents referred to were marked "Exhibit No. 240" for reference and may be found in the files of the select committee.)

The CHAIRMAN. You did sign them?

Mr. SHULMAN. Yes, sir.

The CHAIRMAN. Then you are familiar with them?

(The witness conferred with his counsel.)

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the question. He acknowledges having signed it.

The question is: Is he familiar with the contents?

Are you familiar with the contents of it?

(The witness conferred with his counsel.)

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. With the approval of the committee, the order and direction of the Chair will continue throughout your testimony and throughout this series of hearings.

All right, Mr. Kennedy; proceed.

Mr. KENNEDY. There are some excerpts. It is the Waste Trade Industry of Chicago, November 8, 1951:

To all waste material dealers in the city of Chicago.

It is signed by Ted Shulman, executive director. It says:

A meeting of all waste material dealers in the city of Chicago has been called for 8 o'clock in the Gray Room of the Hotel Sherman. This meeting has been called at the urgent request of Mr. Paul Dorfman, secretary-general of Waste Material Handlers, Local 20467, AFL.

Then it goes on to discuss negotiations of the Teamster contract and states:

Please do not make this mistake now. We should like to make clear that if you fail to attend this meeting it will be necessary for Mr. Dorfman to assume that you are content to pay your drivers in accordance with the wage rates established by Teamsters Union Local 705.

Then over here, on November 16, 1951, another document, in which it states:

Mr. Dorfman has entered into an agreement with the Teamsters Union which will cover the majority of drivers employed by our members.

Then over here, Mr. Chairman, we have another document, January 15, 1953, showing that they entered negotiations in that year. It says:

In the fall of 1951, a number of our members faced the problem of being forced to increase rates paid to employees not hired as truckdrivers, but who occasionally operate trucks in the course of their daily work. Through cooperation of Mr. Paul Dorfman, our own union representative, a compromise agree-

ment was reached with the Teamsters Union whereby certain drivers may continue to be paid a rate lower than the \$1.75 per hour union scale established by the Chicago Teamsters Union, Local 705.

The CHAIRMAN. Mr. Shulman, I present to you the document from which counsel has just read excerpts. It is dated January 15, 1953, on Waste Trade Industry of Chicago stationery. It appears to have been signed by you and also Mr. Lissner, as was the other document.

Mr. KENNEDY. Please hand this one, also, Mr. Chairman.

The CHAIRMAN. Also, there is another one on the same stationery, signed accordingly as the other, dated November 2, 1953.

Will you examine those and state if you identify them?

(The documents were handed to the witness.)

(The witness conferred with his counsel.)

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are those your signatures on the documents?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. It is the same signature that is on the other document; is it not? That is, the one that you did identify a moment ago, made exhibit No. 240?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Those documents may be made exhibit No. 241.

(The documents referred to were marked "Exhibit No. 241" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Chairman, Mr. Shulman, again showing the association and the tieup with Dorfman, as managing director of the Waste Trade Industry, carried on an insurance sales and promotional drive for the Dorfman company. He had two employees who sold health and life insurance to the employers and to the employees. Their names were Ross Miller and Larry Lera, and they were paid for that purpose.

They were paid by the association for the purpose of selling insurance for the Dorfmans; isn't that correct, Mr. Shulman?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you mean you paid, out of association funds, employees to go out and sell insurance for the Dorfmans? Did you do that?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. What kind of a hold do these Dorfmans have up there in Chicago with you folks? They can lead you around and do anything with you, can't they? That is the way it appears; is that correct?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Have they got you all buffaloed? You are afraid of the Dorfmans; is that it?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.



Mr. KENNEDY. These two individuals, Larry Lera and Ross Miller, were to work particularly with the nonunion employees. The union employees were covered by the Dorfman insurance already.

Here are some sample checks, of which we have more.

The CHAIRMAN. I hand you two checks, Mr. Shulman, one dated October 19, 1954, in the amount of \$200, payable to Larry Lera; another one dated January 21, 1954, in the amount of \$386, payable to Ross Miller. These checks are drawn by the Waste Trade Industry of Chicago. I will ask you to examine the checks and state if you identify them. These are original checks.

(The documents were handed to the witness.)

(The witness conferred with his counsel.)

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. What were the checks given for?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Were they in payment to these men for services rendered in selling insurance for the Dorfman's?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Were they given for some other legitimate purpose?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The checks may be made exhibit No. 242 and 242A.

(The checks referred to were marked "Exhibit No. 242 and 242A" for reference and will be found in the appendix on pp. 16201-16202.)

Mr. KENNEDY. Mr. Chairman, further showing the tie between the Dorfman's and Mr. Shulman, we have records indicating and showing that Mr. Dorfman and Mr. Shulman vacationed together in the winter of 1953 and the winter of 1954, and stayed at the Saxony Hotel in Miami. That is the Saxony Hotel that is owned by George Sax, at whose bank in Chicago this money had been deposited, the money not paying any interest.

It also is of some interest to note that Mr. Dorfman received rebates on his bills at the Saxony Hotel.

The CHAIRMAN. Do you know Mr. Sax?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. We also can show that they attended many social functions together. From an examination of the records, it indicates that they dined together frequently at the Erie Cafe, the Singapore Restaurant, Fritzels, Brown and Koppel, and other eating places in Chicago; that the night of the Robinson-Basilio fight, this group, the association and Mr. Dorfman, all had dinner together at the Erie Cafe and then went to the fight.

We have had the evidence on the fight already put into the record. Dorfman and Shulman vacationed together at the Joll Properties camp.

The CHAIRMAN. Is that correct?



Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Dorfman and Shulman vacationed together at Joll Properties camp at Eagle River, Wis. We have a check indicating that, dated August 1953.

The CHAIRMAN. I hand you a picture which seems to be a picture of six men. The full identification of it is not quite clear to the chairman. I would like to present it to you, Mr. Shulman, and see if you can help us.

Will you identify this picture for us, if you can, please, sir?

(The photograph was handed to the witness.)

(The witness conferred with his counsel.)

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you recognize anyone in that picture?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you think it will incriminate you to recognize a picture of yourself?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You are one of the group of six, are you not?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Where was that picture taken? What was the occasion?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. That picture may be made exhibit No. 243.

(The photograph referred to was marked "Exhibit No. 243" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Chairman, that picture was taken, according to our information, at a testimonial dinner for Paul Dorfman, on March 24, 1958, some months after Mr. Dorfman had been kicked out of the AFL-CIO. It is a picture showing Mr. Shulman and Mr. Dorfman on March 24, 1958.

The CHAIRMAN. Is the statement of counsel correct?

Mr. KENNEDY. It was at the Sherman Hotel.

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Who is the great big old fat boy right in the center behind the five? That isn't Baker, is it? or is it?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, Barney Baker was attending the dinner.

The CHAIRMAN. That isn't Barney Baker, is it? I don't believe it is. It may be. I don't want to reflect on Barney if he is not in the picture. Do you have any idea about that?

(The witness conferred with his counsel.)

The CHAIRMAN. Is that Barney? You can just say "no" if it isn't, and that will leave him out of it entirely.

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. It is not Barney Baker.

The CHAIRMAN. I didn't want to reflect on him. I was trying to get this witness to be fair to his pal.

Mr. SILBERT. So far as I am concerned, Senator, I would forgive you.

Senator ERVIN. I wonder sometime if you would write me a confidential letter and advise me how it would possibly incriminate you to admit that this picture of this handsome man is a picture of you.

Mr. SILBERT. How confidential?

Senator ERVIN. Not to be put in evidence. It is just for my information.

Mr. SILBERT. Is that a question?

Senator ERVIN. No; it is just a request.

The CHAIRMAN. In all fairness, I perceive that someone seeing this exhibit might come to the conclusion that the man standing next to you is Mr. Paul Dorfman. I don't want to be unfair to him, either.

Would you state whether the man standing next to you is Mr. Dorfman, and, if not, of course, it would be someone else. Who is it?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Well, we don't want to incriminate him, either. If that is not him, would you kindly so indicate?

(The witness conferred with his counsel.)

The CHAIRMAN. You couldn't indicate that for us?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, another matter showing the close personal relationship and collusion among these various individuals, Paul Dorfman, Ted Shulman, and a gentleman by the name of Ross Miller, held equal interests in a fighter by the name of Billy Noble during 1952-53.

Is that correct? He was a promising young heavyweight.

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Who is Ross Miller?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Doesn't Ross Miller have an \$80,000 investment in the Riviera Hotel in Las Vegas?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And this is a picture of the three of them.

The CHAIRMAN. I hand you here another photograph containing half of the number of parties as the other, only three being in the picture. We do not have the exact date, time, place, or circumstances of the picture having been taken. Would you help us out? Would you examine it and state if you identify the picture?

(Photograph handed to the witness.)

(The witness conferred with his counsel.)

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You are in the picture, are you not? You are one of the parties in the picture, are you not?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. And the man standing immediately on your left in the picture, isn't he Mr. Ross Miller?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is not the third man in the picture Mr. Paul Dorfman?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Now, will you tell us where that picture was taken? Tell us the time and circumstances, what the occasion was, what you are celebrating?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The picture may be made exhibit No. 244.

(Photograph referred to marked "Exhibit No. 244" for reference and may be found in the files of the select committee.)

The CHAIRMAN. I now hand you a document, a photostatic copy of a document, of which the title is "State Athletic Commission of Illinois, Application for Boxer's License."

Will you examine that document and state if you recognize it as a photostatic copy of the original?

Mr. KENNEDY. Mr. Chairman, the pictures—have we identified who they are?

The CHAIRMAN. I asked him.

Mr. KENNEDY. One of them is Paul Dorfman, and Ted Shulman is on the other end, and Ross Miller is in the middle.

The CHAIRMAN. Is that statement correct that counsel just made with respect to that picture that you have just had presented to you?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I had reference to the picture made exhibit No. No. 244.

Now you may proceed to examine the document that you have regarding application for a boxer's license, and state if you recognize that as a photostatic copy of the original.

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let the document be made exhibit No. 245.

(Document referred to was marked "Exhibit No. 245" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Let me see it, please, for further interrogation of the witness.

This document apparently is an application on the part of Bill Noble for a license to box under the name of Bill Noble, and it gives as references Ted Shulman, Paul Dorfman, and Ross Miller. Are you the Ted Shulman referred to in this application?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.



The CHAIRMAN. Did you, Paul Dorfman, and Ross Miller, have an interest in this alleged prizefighter?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Was he a flop?

Mr. KENNEDY. He wasn't bad, Senator.

The CHAIRMAN. Was he pretty good?

(The witness conferred with his counsel.)

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, once again showing the tieup, the name of the fighter was Billy Noble, his wife was Mary Noble, and both of these people appear on the payroll of Allen Dorfman's insurance company.

The CHAIRMAN. This is another case like the Davidson fellow? Was the union paying any part of this?

Mr. KENNEDY. No. Allen Dorfman.

We have identified Miller as having an \$80,000 investment in the Riviera Hotel. He also owned—and I don't know whether he still owns it—a striptease place called Silver Palm, at 1117 North Wilson in Chicago. He is presently in charge of the casino at the Riviera Hotel in Las Vegas.

In examining Shulman's records, we found that Shulman had an outstanding loan to Ross Miller of \$5,000 which had not been repaid.

The CHAIRMAN. Do you have information about these things, Mr. Shulman?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And Mr. Shulman, in October of 1956, promoted a gambling flight from Chicago to Las Vegas, which was known as the Orson Welles—Hotel Riviera Special.

Here is a picture of it.

The CHAIRMAN. Do you have information about that?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. This is again showing his relationship with Ross Miller, this photograph.

Senator ERVIN. Mr. Shulman, do you know whether this prizefighter, Billy Noble, performed any services for the insurance company of Allen Dorfman, on whose payroll he was carried?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, according to the information that we have, the association has paid Mr. Shulman over a period of 5½ years, in addition to his regular expenses, some \$34,855.41. We can find no record that he ever reported this on his income tax.

Is that correct, Mr. Shulman?

(The witness conferred with his counsel.)

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it also correct that on the payroll of the Sanatex Corp. you have a business agent of local 713 of the Teamsters Union, who has been selling commodities, selling items to Teamster Union members and he is being paid by your company?



Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That is the record for 1958, Mr. Chairman, showing he received \$840.24.

We also find that he was a delegate to the convention in Miami and that you paid his transportation down and his hotel. Is that correct?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. We have the records on that, so if there is any question on it we can produce them.

Here are the records showing the hotel bill.

Despite the trust agreement, Mr. Shulman, while Mr. Paul Dorfman was head of the union, never signed any of these checks. The money, as has been testified to, was all placed in this bank, paid no interest, and it was a terrific windfall to George Sax, of the Saxony Hotel, who also owned the bank.

Mr. Chairman, the insurance was signed with Allen Dorfman. We have had some highly questionable deals in connection with the Teamsters and their insurance with Allen Dorfman, and this is certainly equally as bad.

I would like to call Mr. Martin Uhlmann to testify briefly on the insurance arrangements with Allen Dorfman's company in connection with the Waste Material Handlers Union.

The CHAIRMAN. All right, Mr. Uhlmann, come forward.

First, Mr. Shulman, I present to you a check drawn on the Sanatex Corp. dated October 6, 1957, payable to the Fontainebleau Hotel Corp., in the amount of \$414.11, together with a bill to Abe Levin in the amount of \$414.11, I believe, the same amount as the check.

I will ask you to examine the bill, the hotel bill, and the check, photostatic copies of the bill and also the original check, and state if you identify them.

(Documents handed to the witness.)

The CHAIRMAN. I believe there are two bills. One is for Norman Greene, one of the two bills, and the two bills aggregating \$411 were paid for by your company. Please examine them and state if you identify them.

Do you identify the check, the check on your company?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you identify the bills for which the check was given in payment?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let the check and bill be made exhibit No. 246 and 246A.

(Documents referred to were marked "Exhibit No. 246 and 246A," for reference.)

(Exhibit No. 246 will be found in the appendix on p. 16203 and 246A may be found in the files of the select committee.)

Mr. KENNEDY. I would like to ask Mr. Uhlmann if he has made a study of the insurance that has been obtained by the Waste Material Handlers Union.

## TESTIMONY OF MARTIN S. UHLMANN—Resumed

Mr. UHLMANN. We have found that between 1946, when the insurance was first underwritten by the Union Casualty Co. of Mount Vernon, through 1958, that the total premiums amounted to about \$496,000, and that the claims were \$279,000, and that there were some dividends paid because the difference between the claims paid and the premiums collected was quite excessive, and that the union then received a dividend in the aggregate of a little over \$71,000, so that over the years the retention by the company was roughly 30 percent of the total premiums collected.

Mr. KENNEDY. What was the retention?

Mr. UHLMANN. About 30 percent over the years.

Mr. KENNEDY. What is the significance of that?

Mr. UHLMANN. Well, it is extraordinarily high, to begin with, and what is significant, of course, is that in the early years, particularly in the first 5 years of this insurance, that is, the amount of money kept by the insurance underwriter, had a range of about 38 percent to as high as 75 percent. I am certain that this probably exceeds any accomplishment by any underwriter in similar circumstances.

Mr. KENNEDY. There is one other matter I would like to touch on briefly. There was an investment, was there not, by an insurance company in California?

Mr. UHLMANN. Yes, there was.

In 1955, an insurance company in California bought into the underwriter, bought a large block of stock of the company at Mount Vernon that was then called Union Casualty & Life Insurance Co.

Mr. KENNEDY. Could you tell us whether there were any payments made in connection with that purchase?

Mr. UHLMANN. Yes, sir, there were. In the course of this transaction the company in California made payments to four individuals that aggregated some \$70,000, roughly. Of this sum, \$25,000 was paid to Mr. Allen Dorfman, although the check was made payable to one of his companies, the Windsor Investment Co. and, in addition, Mr. Dorfman received an option to buy 400 shares of the common stock of that company.

That option, incidentally, was exercised in December of 1958.

Mr. KENNEDY. The \$25,000, instead of going directly to Allen Dorfman, where he would have had to pay taxes on it, was sent to his company; is that correct?

Mr. UHLMANN. Yes.

Mr. KENNEDY. So he avoided paying taxes on that, but the company would pay the taxes rather than he as an individual?

Mr. UHLMANN. That is right.

Mr. KENNEDY. All right. Go ahead.

Mr. UHLMANN. The option at the time it was given to Mr. Dorfman, in light of the fact that it then had a market value of roughly \$120 a share as contrasted with the price at which the stock could be bought from the company at \$80 a share, or a difference of \$40 times 400 shares—from that it is apparent that the option at that time was worth approximately \$16,000 over and above the \$25,000 cash payments.

Mr. KENNEDY. Who else received money?

Mr. UHLMANN. Mr. Sidney Korshak, an attorney in Chicago received \$25,000 which was described as a commission for some service he performed, the details of which I am not acquainted with.

Mr. KENNEDY. Go ahead.

Mr. UHLMANN. Then Philip Goodman, an attorney, who was referred to in yesterday's testimony, was called upon to handle some of the transfer of the securities from one group to the other, and for that work he received \$5,000.

The fourth person that derived some income as a result of this transaction was an Irwin Solomon, who is an accountant in New York City, and who has been performing some services for both Dr. Perlman and the California Insurance Co. He was paid a so-called finder's fee of \$12,500.

Mr. KENNEDY. I believe that is everything as far as you are concerned?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. Mr. Findlay, I would like to get your testimony on the fact that there were records missing.

Mr. Findlay, did we find from an examination after the records of Mr. Dorfman were subpoenaed that some of them were missing?

#### TESTIMONY OF JOHN P. FINDLAY—Resumed

Mr. FINDLAY. That is so. Subpenas were served on Allen Dorfman to produce all books and records from January 1, 1950, to November of 1957, covering Allen and Rose Dorfman personally, and the Dorfman Insurance Co. and other entities. There was general compliance, except for certain books, records, and documents which were considered essential to the various phases of our examination.

Here are a few of the missing documents: All of Allen Dorfman's personal bank checks prior to December 1953 were said to have been destroyed. Therefore, they were not available to us.

No check stubs or checkbook registers were furnished by Allen Dorfman for any period. He claimed that he did not maintain them.

Certain bank checks on his personal bank accounts were missing from December 1953 to the end of 1957.

Certain of the records of the Dorfman insurance entities were not produced for our inspection.

The books and bank statements and checks prior to May 1, 1953; these records were said to have been destroyed.

Significant journal entries for the general books are missing.

Certain Dorfman partnership and company bank checks from May 1953 to the end of 1957 are missing.

Vouchers on Allen Dorfman to account for his travel and entertainment charges have not been completely furnished.

No vouchers on Rose Dorfman travel expenses, which were of a minor nature.

Vouchers pertaining to the acquisition of furniture and fixtures, charged on the books of the Dorfman entities, were not produced. This deals with the Lucas matter.

During the course of our review in the offices of Stanford Clinton, the attorney for Allen Dorfman, informal memos were furnished to Stanford Clinton indicating what these items were. A detailed



memo, I think, is in your hands, Mr. Kennedy, as to the particular items.

Mr. KENNEDY. And also yesterday, in the submission of your memorandum, there was some indication as to some of the checks that are missing?

Mr. FINDLAY. That is so.

Mr. KENNEDY. Thank you. I just wanted to get that into the record.

Mr. Chairman, I would like to also point out that Mr. Hoffa's name came into the hearing yesterday and it has also come in today. I sent him a telegram some 10 days ago, informing him that his name would be brought up in the hearing, that we were going to go into this matter in some detail, and he was welcome to attend and to testify if he so wished.

The CHAIRMAN. He has a standing invitation from now on to testify at any time any derogatory testimony should appear in the record.

Is there anything further?

If not, the committee will stand in recess until 2:30.

(Members of the select committee present at time of recess: Senators McClellan and Ervin.)

(Whereupon, at 12:53 p.m. the select committee recessed, to reconvene at 10:30 a.m., Friday, January 30, 1958.)

# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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TUESDAY, FEBRUARY 3, 1959

U.S. SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D.C.*

The select committee met at 2 p.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in room 3302, New Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Jr., Democrat, North Carolina.

Also present: Robert F. Kennedy, chief counsel; P. Kenneth O'Donnell, administrative assistant; Paul J. Tierney, assistant counsel; Carmine S. Bellino, accounting consultant; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan and Ervin.)

The CHAIRMAN. All right, Mr. Counsel, you may proceed.

Mr. KENNEDY. Mr. John R. Cunningham is the first witness.

The CHAIRMAN. Come forward, Mr. Cunningham.

Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CUNNINGHAM. I do.

## TESTIMONY OF JOHN R. CUNNINGHAM, ACCOMPANIED BY COUNSEL, JOSEPH M. WILLIAMSON AND RAYMOND R. DICKEY

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. CUNNINGHAM. My name is John R. Cunningham, and I reside at 33-31 163d Street, Flushing, Queens. At the present time I am unemployed. I am a truckdriver in Local 584 of the International Brotherhood of Teamsters.

The CHAIRMAN. Thank you very much. Do you have counsel present?

Mr. CUNNINGHAM. I do.

The CHAIRMAN. Counsel, will you please identify yourself?

Mr. WILLIAMSON. My name is Joseph M. Williamson, and I am an attorney, with offices at 100 South Bennett, Urbana, Ill.

The CHAIRMAN. Thank you very much.

Mr. DICKEY. My name, Mr. Chairman, is Raymond R. Dickey, a partner in the firm of Danzansky & Dickey, 1406 G Street NW., Washington, D.C.

The CHAIRMAN. Mr. Cunningham, you have presented a prepared statement to the committee, I believe, more than 24 hours before the convening of this session: is that correct?

Mr. CUNNINGHAM. That is correct.

The CHAIRMAN. This is a statement which you desired to read. The Chair has taken the time to read this 24-page statement, and I have examined it carefully, and a great deal of it is not pertinent to this inquiry. A great deal of it relates to a controversy or a matter at issue apparently between you and one of the monitors, Mr. Schmidt.

However, I am going to permit, with the approval of the committee, the statement, if you wish to swear to it, to be filed and made an exhibit for the information of the committee, as sworn testimony, and then permit you to proceed; and if you desire to refer to certain parts of it, you may do so. I am not denying it, but there is no use to sit here and listen for an hour to a lot of remarks that I think are not pertinent. However, since you desire to file it, it may be filed, and it will be made an exhibit, and in your testimony you may refer to such parts of it as you desire to; and if we find some of it improper, well, we will, of course—

Mr. CUNNINGHAM. I do desire to, Mr. Chairman.

The CHAIRMAN. Do you state under oath that the statement which the Chair holds and which you delivered to this committee is true according to the best of your knowledge and belief?

Mr. CUNNINGHAM. Mr. Chairman, in going over this as you realize, we had to hastily comply with the 24 hours, and I have found two places, and when I come to them, I would like to change it, with your permission.

The CHAIRMAN. You indicate now where they are, and we will make the change before it is filed.

Mr. CUNNINGHAM. I would like to indicate on page 3, "none of whom did I meet until on or about September 27, 1957." That would include all 12, and I would like to clarify that.

The CHAIRMAN. You say "None of whom did I meet until on or about September 27, 1957"?

Mr. CUNNINGHAM. That is correct.

The CHAIRMAN. What do you wish to change?

Mr. CUNNINGHAM. I would like to modify that.

The CHAIRMAN. What change would you like to make?

Mr. CUNNINGHAM. Frank Kennedy and Thomas Mann and I both knew, they were out of my home local, 584.

The CHAIRMAN. Then you want to add after 1957, say "except"?

Mr. CUNNINGHAM. "Except," and I would like to add, because I have given a deposition in the State of New York, and I don't care to contradict anything that I have said up there, and that is that Harold Wills, Stephen Milone and John McManus I had seen and talked to for a moment.

That is my statement there, in clarification.

The CHAIRMAN. What other place do you wish to change it?

Mr. CUNNINGHAM. I would like to say on page 16, Mr. Chairman, where it starts with "Schmidt terminated this conversation," and strike out "by saying."



That would be about the 11th line down, sir.

The CHAIRMAN. You have "Godfrey Schmidt terminated this conversation."

Mr. CUNNINGHAM. And I want to strike out "by saying," and I would like to substitute "later saying."

The CHAIRMAN. That change had already been made in this copy that I have. It had already been made. You have struck out "by saying," and you have inserted "later saying."

All right, do you have any other, Mr. Cunningham?

Mr. CUNNINGHAM. On page 17—

For the first time I learned Godfrey Schmidt was turning in a bill approximating \$60,000 listing the names of many people who, to the best of my information \* \* \*

Now I was present when that bill was turned in, and I wouldn't want to be held down to the penny, that he turned in for Larry Smith, \$21,000.

Now, that is filed in the Federal court.

The CHAIRMAN. Do you want to add \$21,000 or something?

Mr. CUNNINGHAM. I believe it to be.

The CHAIRMAN. You want to say "I believe it to be \$21,000"?

Mr. CUNNINGHAM. And the exact figures on the rest of what he submitted is on information and belief.

The CHAIRMAN. All right.

You say there "to my best memory."

Are there any other changes?

Mr. WILLIAMSON. May we have just a moment?

Mr. CUNNINGHAM. On page 21, Mr. Chairman, on approximately the sixth line, where it starts "Mr. Distinti indicated his executive board had directed him." That should read that he had already presented the plan to his membership the previous day.

The CHAIRMAN. Now, let me see. That is Mr. Distinti indicated what?

Mr. CUNNINGHAM. That his executive board had directed him to explore the possibility of recapturing self-rule for the Teamsters, and that he would present our plan to his membership.

The CHAIRMAN. That is the way it reads here.

Mr. CUNNINGHAM. That should be that he had already presented it to his membership, and he would present it to his executive board.

The CHAIRMAN. We will change that, "Recapturing self-rule for the Teamsters. He had already presented our plan." That would be "He had already presented our plan to his membership and said he \* \* \*"

Mr. CUNNINGHAM. And it had been approved. And he would then present it to his executive board.

Mr. Chairman, those are the corrections that I had desired to make.

The CHAIRMAN. All right now, let us see if that is correct. I read it now as I have it:

Mr. Distinti indicated his executive board had directed him to explore the possibility of recapturing self-rule for the Teamsters. He had already presented our plan to his membership and it had been approved and he would then present it to his executive board.

Is that correct?

Mr. CUNNINGHAM. Yes, sir.

The CHAIRMAN. That correction is made. Is there anything further?

Now, then, Mr. Kennedy, you may question the witness, and if the witness desires to refer to this statement in answer to your questions, he may do so, but that statement under oath is now a part of the record as sworn testimony of the witness.

This testimony will be made exhibit 247.

(Document referred to was marked "Exhibit No. 247" for reference, and may be found in the files of the select committee.)

The CHAIRMAN. Proceed.

Mr. KENNEDY. How long have you been a member of the Teamsters Union?

Mr. CUNNINGHAM. I wouldn't give you the exact time.

Mr. KENNEDY. Approximately.

Mr. CUNNINGHAM. Approximately 17 years.

Mr. KENNEDY. Have you ever been an officer of a Teamsters Union?

Mr. CUNNINGHAM. No, I have not.

Mr. KENNEDY. It is a milk drivers local?

Mr. CUNNINGHAM. Local 584, Milk Wagon Drivers and Dairy Employees.

Mr. KENNEDY. And have you always been a member of that local?

Mr. CUNNINGHAM. No, I transferred from local 680, which is its counterpart in Newark, N.J.

Mr. KENNEDY. When did you do that? Approximately. I am not looking for exact dates.

Mr. CUNNINGHAM. Fourteen or fifteen years ago.

Mr. KENNEDY. Now, are you a member of any local now?

Mr. CUNNINGHAM. I am a member, paid-up member, of local 584.

Mr. KENNEDY. Are you a member of any other local other than 584?

Mr. CUNNINGHAM. No, I am not.

Mr. KENNEDY. Have you been a member of any other local of any union other than 680, and 584, over a period of the years?

Mr. CUNNINGHAM. Of the years that you refer to?

Mr. KENNEDY. Of the last three years, for instance.

Mr. CUNNINGHAM. No, I have not.

Mr. KENNEDY. Mr. Cunningham, you were the head of the so-called 13 which brought some charges in connection with the election that was held in October or September of 1957.

(The witness conferred with his counsel.)

Mr. KENNEDY. I think that I can clarify it. I say in connection with the election that was held.

Mr. WILLIAMSON. The action was originally started, and I hate to interrupt, but it was to prevent the election.

Mr. KENNEDY. I said in connection with the election.

Mr. WILLIAMSON. Thank you.

Mr. KENNEDY. You originally brought an action and you are head of a group of 13 Teamster members who brought an action in connection with the election that was held in September of 1957?

Mr. CUNNINGHAM. Yes, sir.

Mr. KENNEDY. And the action was brought just prior to that time, to try first to prevent the election; is that correct?

Mr. CUNNINGHAM. That is correct.

Mr. KENNEDY. And ultimately, after the election was held, there were some further actions taken, and some testimony taken here in Washington, D.C., in connection with that election?

Mr. CUNNINGHAM. That is correct; yes, sir.

Mr. KENNEDY. And the trial went on for 4 or 5 weeks?

Mr. CUNNINGHAM. I believe it to be 22 trial days.

Mr. KENNEDY. Ultimately there was a stipulation that was signed?

Mr. CUNNINGHAM. A consent decree.

Mr. KENNEDY. That consent decree permitted Mr. Hoffa to take over as president of the Teamsters, as a provisional president of the Teamsters, and also appointed three monitors; is that correct?

Mr. CUNNINGHAM. That was a part of the consent decree.

Mr. KENNEDY. Following that you had a dispute, particularly with Mr. Godfrey Schmidt, who was the attorney for the original thirteen, and ultimately was appointed a monitor, based primarily on your feeling that he should make a more exact account of the funds that had been collected.

Mr. CUNNINGHAM. That is correct.

Mr. KENNEDY. Now, you brought an action, I believe, a civil action in the U.S. District Court for the District of Columbia on April 28, 1958, for the removal of Godfrey Schmidt as a monitor; is that correct?

Mr. CUNNINGHAM. Well, I am not going to be tied down by dates, Mr. Kennedy, but on or about that time I did; yes.

Mr. KENNEDY. Now, who was your attorney in that case?

Mr. CUNNINGHAM. My attorney in that case was Murray Levine, of 16 Broadway, and a Maurice Friedman, and his offices were on Vermont Avenue here in Washington, D.C.

Mr. KENNEDY. Who had referred you to Murray Levine?

Mr. CUNNINGHAM. Mr. Len Golos.

Mr. KENNEDY. Who is Mr. G-o-l-o-s? That is L-y-n-n?

Mr. CUNNINGHAM. L-e-n G-o-l-o-s.

Mr. KENNEDY. Who is he?

Mr. CUNNINGHAM. Len Golos is a publicity man, and I believe as I knew him then and I believe he still is, he is employed as public relations man for Heublein & Co.

Mr. KENNEDY. What is the name of that?

Mr. CUNNINGHAM. The importers, liquor importers, H-e-u-b-l-e-i-n, I believe that to be correct, of 9 East 54th Street, New York City, and he had done a tremendous amount of publicity work for us as the Teamster rank and file committee; and he was sympathetic with what I was undertaking here, and he referred me to Murray Levine.

Mr. KENNEDY. Mr. Levine is an attorney in New York?

Mr. CUNNINGHAM. I believe he has a license.

Mr. KENNEDY. And then you had Maurice Friedman here in Washington, D.C.?

Mr. CUNNINGHAM. Yes, sir.

Mr. KENNEDY. Who paid Mr. Murray Levine and Mr. Maurice Friedman?

Mr. CUNNINGHAM. Nobody.

Mr. KENNEDY. Nobody paid them?

Mr. CUNNINGHAM. Nobody.

Mr. KENNEDY. What arrangements were made to pay them?

Mr. CUNNINGHAM. As far as Mr. Friedman was concerned, Mr. Friedman would have taken a contingency and he handled, and it so shows in the court records, that he handled my application for expenses. As far as that was concerned, had I been successful although



there was no determination of that, he would have secured a percentage of my recovery. Murray Levine did not receive a cent in any way, shape, or manner, and in fact he loaned me \$100.

Mr. KENNEDY. Neither one of them have been paid?

Mr. CUNNINGHAM. Not by me or anybody else.

Mr. KENNEDY. You brought a second action on or about October 6, 1958, in the U.S. District Court for the District of Columbia, which charged Mr. Schmidt with failure to account for funds, misappropriation of funds, and breach of the attorney-client relationship.

You are not an attorney, as I understand it. Who was your attorney in that matter?

Mr. CUNNINGHAM. I believe that that was Jacques Schiffer, 32 Broadway. He had cocounsel down here, and correct me if I am wrong, of Mr. Simmons. I believe that to be the correct spelling. Mr. Benjamin J. Simmons, or something like that.

Mr. KENNEDY. How had you been referred to Mr. Schiffer?

Mr. CUNNINGHAM. I had been referred to Mr. Schiffer by Moss Herman.

Mr. KENNEDY. Who is Moss Herman?

Mr. CUNNINGHAM. Moss Herman is a member—was a member; he is on a withdrawal card now—of local 584.

Mr. KENNEDY. What does he do for a living now?

Mr. CUNNINGHAM. He has a disability. He is on compensation.

Mr. KENNEDY. How long had he known Mr. Schiffer?

Mr. CUNNINGHAM. I don't know. He had told me that he had been down here to see you one day, and hearings were going on here, and he came up to attend hearings, that you had asked him to come up to hear the hearings. Mr. Schiffer was here as an attorney.

Mr. KENNEDY. Who was he representing at that time?

Mr. CUNNINGHAM. I don't know. I am not prepared to say in any way, shape, or manner.

Mr. KENNEDY. He was representing, I believe, the individuals involved in the paper locals who were the associates of Johnny Dioguardi. I believe the record shows he represented Sidney Hodes, Harry Davidoff, Nat Gordon.

Mr. CUNNINGHAM. That is news to me.

Mr. KENNEDY. But Mr. Moss Herman related to you that he had met Mr. Schiffer up here in the hearing room at the time he was representing some witnesses before our committee?

Mr. CUNNINGHAM. He told me that he asked him for his card here in this room, or at a hearing room of the Senate committee.

Mr. KENNEDY. So Mr. Herman recommended Mr. Schiffer to you. Did you go and meet with Mr. Schiffer then?

Mr. CUNNINGHAM. Yes; I did.

Mr. KENNEDY. He brought this action. Has he been paid?

Mr. CUNNINGHAM. No, sir.

Mr. KENNEDY. He hasn't been paid either?

Mr. CUNNINGHAM. No, sir.

Mr. KENNEDY. What arrangements were made to pay him?

Mr. CUNNINGHAM. Contingency.

Mr. KENNEDY. On or about December 15, 1958, you brought another action. No; I am wrong in that.

On October 29, 1958, an action was brought in the Supreme Court of the State of New York against Mr. Godfrey Schmidt, about the same kind of action that you took here in Washington, D.C., and Mr. Schiffer was your attorney there also?

Mr. CUNNINGHAM. Are you referring to the county of Queens?

Mr. KENNEDY. Yes.

Mr. CUNNINGHAM. That is correct.

Mr. KENNEDY. He hasn't been paid for that, either? The same arrangement has been made?

Mr. CUNNINGHAM. May I explain that, Mr. Kennedy?

The CHAIRMAN. Yes; you may.

Mr. CUNNINGHAM. Thank you, Mr. Chairman.

We could not get service on Mr. Schmidt in Washington. We withdrew the action in Washington and we got service on the same action in the State of New York.

The CHAIRMAN. You withdrew one suit here and instituted the same cause of action, in other words, in another jurisdiction?

Mr. CUNNINGHAM. Because of service.

Mr. KENNEDY. Then on December 15, 1958, an action was taken by you, *Cunningham v. English*, which was a motion for leave to file petition for accounting by monitor Godfrey Schmidt and for the suspension of Godfrey Schmidt from office of monitor and other relief? (The witness conferred with his counsel.)

Mr. KENNEDY. Is that correct?

Mr. CUNNINGHAM. That is correct. We had additional information. We had just secured additional information and for that reason we filed down here.

Mr. KENNEDY. Your attorneys in that case were whom?

Mr. CUNNINGHAM. Those representing me here, plus additional co-counsel.

Mr. KENNEDY. That is Joseph Williamson and Mr. Dickey; is that correct?

Mr. CUNNINGHAM. I believe there are a couple more.

Mr. DICKEY. And Mr. Marshall Miller, from my office.

Mr. KENNEDY. How did you happen to get Mr. Williamson and Mr. Dickey?

Mr. CUNNINGHAM. I had met Mr. Williamson at the Woodner Hotel.

Mr. KENNEDY. You were staying at the Woodner Hotel?

Mr. CUNNINGHAM. That is correct.

Mr. KENNEDY. When had you started staying at the Woodner Hotel?

Mr. CUNNINGHAM. Mr. Kennedy, can I answer the first question? You have a dual question.

Mr. KENNEDY. I am sorry. I thought you were finished.

Mr. CUNNINGHAM. No; you have asked about several people.

The CHAIRMAN. Go ahead. Proceed.

Mr. CUNNINGHAM. I met Mr. Williamson there at the Woodner Hotel. I knew that he represented the Woodner Hotel. Because I had had information that certain motions were going to be filed in the Federal court that would directly affect me, I didn't think that I was represented by an attorney, and I asked Mr. Williamson if he would file so that I would be represented, and he filed.

He immediately contacted Mr. Dickey and they filed the praecipe that they were representing me in the original case of *Cunningham v. English*.

Mr. KENNEDY. How long had you been staying at the Woodner Hotel?

Mr. CUNNINGHAM. I have stayed there off and on, I believe—please don't pin me down to this date. But it could be the last of August or the first of September of 1958.

Mr. KENNEDY. Where had you been staying when you came to Washington prior to that time?

Mr. CUNNINGHAM. I have stayed at the Statler Hotel, I have stayed at the Mayflower Hotel. I stayed at the University Club. I stayed at the Ambassador. There was a hotel in the Northwest section where I stayed with Peter Hogue. I just don't remember the name.

Mr. KENNEDY. In August or September of 1958 you started staying at the Woodner Hotel?

Mr. CUNNINGHAM. That is correct.

Mr. KENNEDY. And have you stayed at the Woodner Hotel on all of your visits here to Washington since that time?

Mr. CUNNINGHAM. I wouldn't want to be tied down on that. I think there is one time at the Statler or the Mayflower.

Mr. KENNEDY. But most all the time you stayed at the Woodner Hotel?

Mr. CUNNINGHAM. Most all the time.

Mr. KENNEDY. Your attorneys, Mr. Williamson and Mr. Dickey, have they been paid any money?

Mr. CUNNINGHAM. Yes; they have.

Mr. KENNEDY. How much money have they been paid?

Mr. CUNNINGHAM. They were paid \$2,500 by me.

Mr. KENNEDY. Was that by check or by cash?

Mr. CUNNINGHAM. That was by cash.

Mr. KENNEDY. Where did you get the \$2,500?

Mr. CUNNINGHAM. You have asked me a question. Please let me finish.

Mr. KENNEDY. I thought you were finished.

Mr. CUNNINGHAM. They got \$5,000 from Anthony Distinti. He is a plaintiff with me in my pleadings in the court of appeals.

Mr. KENNEDY. How do you spell his name?

Mr. CUNNINGHAM. I believe it to be D-i-s-t-i-n-t-i.

Mr. KENNEDY. Where is he from?

Mr. CUNNINGHAM. He is from New York City. He is the president of local 277, New York City. It is an IBT local. May I speak to my counsel, please?

(The witness conferred with his counsel.)

Mr. CUNNINGHAM. There was an additional \$5,000 aside from Mr. Distinti that was paid by—I believe that to be local 701, Mr. Robert Coar, Bill Nodi and Robert Coar.

Mr. KENNEDY. How do you spell his name?

Mr. CUNNINGHAM. C-o-a-r.

Mr. KENNEDY. Is that Local 701 of the Teamsters?

Mr. CUNNINGHAM. That is correct. That is an IBT local. The other local was \$2,000 that came from local 617, and I believe that is officially listed as Jersey City.

Mr. KENNEDY. From whom was that?



Mr. CUNNINGHAM. Taylor and McKiernan.

Mr. WILLIAMSON. Since these checks were made payable to us, can we straighten him out on this? I am certain that you do want the record accurate. May I confer with him?

The CHAIRMAN. You may confer with him.

(The witness conferred with his counsel.)

Mr. CUNNINGHAM. We wanted to reflect in the record that those checks were drawn against the local unions, not as individuals.

The CHAIRMAN. Now let us see how many checks. One for \$5,000 on local 377?

Mr. CUNNINGHAM. No; 277, sir.

The CHAIRMAN. No; 277 instead of 377; all right. Then there is a \$5,000 check on local 701?

Mr. CUNNINGHAM. Correct.

The CHAIRMAN. And a \$2,000 check on local 617?

Mr. CUNNINGHAM. That is correct.

The CHAIRMAN. And there was \$2,500 in cash?

Mr. CUNNINGHAM. From me.

The CHAIRMAN. From you. That is all you have covered to now. All right; proceed.

Mr. KENNEDY. Would you tell the committee where you received the \$2,500 in cash?

(The witness conferred with his counsel.)

Mr. WILLIAMSON. He wants to talk about the last question, if we may have just a moment.

(The witness conferred with his counsel.)

Mr. CUNNINGHAM. Please ask your question.

Mr. KENNEDY. I asked you where the \$2,500 in cash came from.

Mr. CUNNINGHAM. In November of 1958, Mr. Williamson told me what he had to have. I, in turn, went out and went around hunting for money, and I also told Moss Herman that, "These boys don't operate on a contingency basis. They got a meter that runs and I got to feed it."

I was unable to raise that much cash myself. However, Moss Herman did raise that money, and on December 9 he gave the money to me, and which, on December 9, I turned over to Mr. Williamson.

The CHAIRMAN. You procured the \$2,500 from Moss Herman?

Mr. CUNNINGHAM. That is correct.

The CHAIRMAN. That is the same money you procured from him——

Mr. CUNNINGHAM. I would like to say at this point——

The CHAIRMAN. That you turned over to your counsel.

Mr. CUNNINGHAM. I would like to say that Mr. Williamson didn't like the idea of cash in any way, shape, or manner. He wants cash.

Mr. KENNEDY. Did he take it?

Mr. CUNNINGHAM. He took it, because it saved me going out and going to a bank, getting a cashier's check, turning around and coming back with it. He took it; yes.

The CHAIRMAN. All right. It is being accounted for. Proceed.

Mr. KENNEDY. This is the Moss Herman that you mentioned earlier?

Mr. CUNNINGHAM. Yes; it is.

Mr. KENNEDY. Where did Mr. Moss Herman get the money?

Mr. CUNNINGHAM. I don't know.

Mr. KENNEDY. Didn't you ask him?

Mr. CUNNINGHAM. I never looked a gift horse in the face in my life.

Mr. KENNEDY. You didn't ask him?

Mr. CUNNINGHAM. No; I was glad to see it.

Mr. KENNEDY. Here is a man on relief and he——

Mr. CUNNINGHAM. He is not on relief. His wife works.

(The witness conferred with his counsel.)

The CHAIRMAN. That is kind of a distinction without difference, isn't it?

Mr. CUNNINGHAM. It sure is.

(The witness conferred with his counsel.)

Mr. KENNEDY. Mr. Cunningham, did he have any means of employment himself at the time?

Mr. CUNNINGHAM. I have already told you. He was on compensation, and his wife works.

Mr. KENNEDY. Where did he get \$2,500?

Mr. CUNNINGHAM. I don't know.

Mr. KENNEDY. Weren't you interested?

Mr. CUNNINGHAM. No, sir; I was interested in paying the bill and getting the money going again.

Mr. KENNEDY. What if the \$2,500 came from Mr. Hoffa? Did that concern you at all?

Mr. CUNNINGHAM. It sure would have.

Mr. KENNEDY. Would you have wanted the money if it came from Mr. Hoffa?

Mr. CUNNINGHAM. No, sir.

Mr. KENNEDY. Did you ask him if it came from Mr. Hoffa?

Mr. CUNNINGHAM. No, sir.

Mr. KENNEDY. You didn't ask him any questions?

Mr. CUNNINGHAM. No, sir.

Mr. KENNEDY. You just took the \$2,500?

Mr. CUNNINGHAM. That is right.

Mr. KENNEDY. Was Mr. Herman paying any of your other bills during this period of time?

Mr. CUNNINGHAM. Yes, he was.

Mr. KENNEDY. He was? He was paying your bills?

Mr. CUNNINGHAM. Yes.

Mr. KENNEDY. Where was he coming up with all of this money that he was able to pay your bills?

Mr. CUNNINGHAM. Mr. Herman paid hotel bills.

Mr. KENNEDY. Did he ever tell you where the money came from?

Mr. CUNNINGHAM. No, he did not; not up until approximately, as I have reflected in this statement to you, I reflected here, and I would like to refer to that, if I may——

The CHAIRMAN. You may refer to your statement. Indicate the page, please.

Mr. CUNNINGHAM. Yes, I will, Senator.

Mr. KENNEDY. Go ahead.

Mr. CUNNINGHAM. Approximately 2 weeks ago.

The CHAIRMAN. What page are you on?

Mr. CUNNINGHAM. That is the last page, Mr. Chairman.

The CHAIRMAN. All right.

Mr. CUNNINGHAM. Approximately 2 weeks ago, and I don't want to be held down to 14 days on 2 weeks, though I believe it to be a little longer ago than that—I believe it to be back at the turn of 1959, December of 1958 or the first of 1959, of January—Mr. Herman stated to me that for certain of my travel and hotel expenses he was being reimbursed by Mr. James Hoffa out of Mr. Hoffa's personal funds.

That was contrary to what he had told me earlier when he said that he was doing this personally. Mr. Herman told me further that Mr. Hoffa knew nothing of this, and that he did not want to disclose this to Mr. Hoffa as the International Brotherhood officers did not approve of my conduct, and the type of litigation I had commenced.

I do not personally know the truth of this, and have discussed the pending litigation with Mr. Hoffa only briefly once when I called upon him in connection with my dispute with the New York local.

I would like to say that at the time that I brought this up to Mr. Herman, I asked him then where the \$2,500 came from, and he told me that that was absolutely none of my business. We had gone out and raised money before, which was the truth. We had perfected appeals in New York City in which they required \$2,000. We had perfected other appeals in the State of New York; we were plaintiff intervenors up there.

I had every reason to believe that Moss Herman would not do anything to me that would hurt me. When I spoke to him about this, I got very mad at him. I told Mr. Herman if he fully realized what he was doing to me, that this could jeopardize the suits that I had pending now.

Mr. KENNEDY. Speaking of suits that you have now, you have another one that you filed on January 6, 1959, for leave to file a petition of mandamus or writ of prohibition, is that right, you versus Judge Letts?

Mr. CUNNINGHAM. That is correct. I believe there are three, and then there are some plaintiff intervenors in that action, too.

Mr. WILLIAMSON. Mr. Chairman, could we very briefly, with reference to that suit, state that it is set for oral argument on Friday of this week in the court of appeals? We certainly don't want to obstruct your questioning, but we are hopeful that it will not be necessary that the fact of the suit or the issue in the suit be too widely explored here.

The CHAIRMAN. I don't think we will. It is a question of finances.

Mr. KENNEDY. When you were staying at the Woodner Hotel, were you paying your own bills?

Mr. CUNNINGHAM. At what time?

Mr. KENNEDY. During the time that you started staying at the Woodner Hotel, which I understood from your answer was approximately June or July.

Mr. CUNNINGHAM. No; I believe I said the last of August or early September. I did not.

Mr. KENNEDY. Who was paying your bills?

Mr. CUNNINGHAM. Moss Herman.

Mr. KENNEDY. Moss Herman was picking those bills up?

Mr. CUNNINGHAM. That is correct.



Mr. KENNEDY. Did you speak to him about where he was getting the money to pay your hotel bills?

Mr. CUNNINGHAM. No. Not until it was brought to my attention and my lawyers told me the Senate Rackets Committee are out here subpoenaing a tremendous amount of material out here, and this is going to reflect, and you had better straighten out with Mr. Herman just exactly what is going on.

That is what I referred to in my last statement to you.

Mr. KENNEDY. How much money did you get from Mr. Herman, other than \$2,500?

Mr. CUNNINGHAM. I have turned a list over to you, or some of your staff members, and I referred to \$800 in September of 1958.

Mr. KENNEDY. Was that by check or by cash?

Mr. CUNNINGHAM. That was by cash.

Mr. KENNEDY. That was from Moss Herman?

Mr. CUNNINGHAM. That is correct.

Mr. KENNEDY. What did you do with that \$800?

Mr. CUNNINGHAM. My car had been repossessed and the payment on it was \$770, plus towing charges. I got my car back.

Mr. KENNEDY. And in addition to that, your hotel bills, is that right, were being paid by Mr. Herman?

Mr. CUNNINGHAM. As well as the \$2,500.

The CHAIRMAN. Do you, yourself, know the amount of your hotel bills that Mr. Herman paid for you?

Mr. CUNNINGHAM. No, I couldn't compute that right at this moment. No, I couldn't, sir. I will try to, sir.

The CHAIRMAN. I think we have it.

Mr. CUNNINGHAM. I have a bill there of my own right now.

Mr. KENNEDY. Who else have you received money from since April of 1958?

Mr. CUNNINGHAM. Mr. Kennedy, with respect to you, I turned over a list to you that was copied here yesterday.

The CHAIRMAN. Do you have an extra copy of it?

Mr. WILLIAMSON. We prepared that for Mr. Kennedy yesterday.

Mr. DICKEY. The question was from April of 1958. The list we gave you, I think, predates that period.

Mr. KENNEDY. That is correct. I am interested from April of 1958.

Mr. DICKEY. Thank you.

(The witness conferred with his counsel.)

The CHAIRMAN. I think this starts from February 1958, according to the copy I have here. One item on it says February and April, and then Golos, \$800.

Mr. CUNNINGHAM. That is correct.

The CHAIRMAN. Beginning with that, would you read the others?

Mr. KENNEDY. Could you signify or indicate which ones of these are checks and which ones are cash?

Mr. CUNNINGHAM. Yes; I will.

If you will look to the one just above that, my sister, Beatrice Chamberlin, I gave from November to date. So that would have to reflect in there, too, because she gave me after April.

Mr. KENNEDY. Fine. Let's get her in, too.

The CHAIRMAN. That starts with November 1957. Your sister, Beatrice Chamberlin, \$3,360.

Mr. CUNNINGHAM. Correct.

The CHAIRMAN. She has given you that much from that time up until now.

Mr. CUNNINGHAM. She says it is more. I am arguing with her.

The CHAIRMAN. Well, at least, so far as you know, it is at least that much?

Mr. CUNNINGHAM. That is what we kept a record of.

The CHAIRMAN. Had she let you have this amount all at one time or at different times?

Mr. CUNNINGHAM. Different times. Weekly.

The CHAIRMAN. Were they checks or cash?

Mr. CUNNINGHAM. Cash. That was cash.

The CHAIRMAN. All of it was cash?

Mr. CUNNINGHAM. That is correct.

The CHAIRMAN. Now we go to the next one. This is December—well, that is not involved. Next, then, is February and April, and then Golos, \$800.

Mr. CUNNINGHAM. That is correct.

The CHAIRMAN. Is that cash or check?

Mr. CUNNINGHAM. That was \$500 and \$300. He has the notes for them. Whether I got the \$300 first in February or the \$500 first, I couldn't say, but he has two notes given, and it was cash. Ethel Myers, May 1958, \$600. That was cash over a period of time. That is time.

The CHAIRMAN. She is a friend of your sister's?

Mr. CUNNINGHAM. She lives with my sister.

The CHAIRMAN. She lives with your sister?

Mr. CUNNINGHAM. At 805 West Market Street.

The CHAIRMAN. Then you have May 1958.

Mr. CUNNINGHAM. Agnes Kline, \$1,750. The initial was \$750 that she cashed—whether that was a check or war bonds she cashed, I don't know. I know when it was secured, and the \$1,000 was from May to date.

The CHAIRMAN. From what?

Mr. CUNNINGHAM. All of that was in cash; \$750 was the first one.

The CHAIRMAN. \$750 was the first payment and \$1,000 the second?

Mr. CUNNINGHAM. No; I believe there was two payments on the \$1,000.

The CHAIRMAN. All right. The first \$750, and then two payments—

Mr. CUNNINGHAM. Another \$1,000. I wouldn't even want to be held down to two payments.

Peter Hoguet, June to September of 1958, Peter Hoguet, some checks and some cash. One check will reflect \$100 and some odd dollars paid to the New York Telephone Co.; a check to me for some. Mr. Hoguet has it, and unfortunately he is out of town. I don't want to be pinned down to exactly \$350 to Mr. Hoguet. It could be more. It certainly isn't less.

The CHAIRMAN. All right.

Mr. CUNNINGHAM. Murray Levine is the lawyer I referred to earlier today and that was the \$100 check. O. E. Snyder is a brother-in-law of mine that refers to in August of \$200 in cash.

The CHAIRMAN. 1958.

Mr. CUNNINGHAM. Jack Zipkin is the owner of Premium Dairy in New York City, and that was a check, \$115.

Sam Brownick is August.

Mr. KENNEDY. B-r-o-w-o-n-i-c-k?

Mr. CUNNINGHAM. I believe that to be correct.

Mr. KENNEDY. Go ahead.

Mr. CUNNINGHAM. \$1,150, in cash.

Mr. KENNEDY. Who is he?

Mr. CUNNINGHAM. Sam Brownick is an organizer and I believe a business agent in a Federal charter local that was chartered for office help, but it wasn't connected with the 153. That is the white-collar workers.

Mr. KENNEDY. How long have you known him?

Mr. CUNNINGHAM. I met him in Godfrey Schmidt's office sometime during the case. I would say to date maybe 13 months, 14 months, maybe a little less. I wouldn't be pinned down on that.

Mr. KENNEDY. He advanced you \$1,150 in cash?

Mr. CUNNINGHAM. That is correct.

The next is Hyman Cohen in September, and he is a member of local 584, \$60 in cash. I met him on the route and I took some of his receipts. The last two I have already given to you.

Mr. KENNEDY. That is Moss Herman?

Mr. CUNNINGHAM. Moss Herman on two occasions, \$800 and \$2,500.

The CHAIRMAN. Is there anything further?

Senator ERVIN. I don't know whether I heard this right or not, but I understood you to say that Moss Herman finally told you that he got the \$2,500 cash he gave you coming out of the personal funds of Jimmy Hoffa.

Mr. CUNNINGHAM. No, sir, he certainly did not, Senator. He certainly did not.

Senator ERVIN. I thought you said he told you that later.

Mr. CUNNINGHAM. No; he did not.

(The witness conferred with his counsel.)

Mr. CUNNINGHAM. That referred to the hotel bills, Senator.

Senator ERVIN. Then I misunderstood you. You said that when he gave you the \$2,500, he didn't tell you anything about its source, and you didn't have enough curiosity to ask about the source?

Mr. CUNNINGHAM. I welcomed it.

Senator ERVIN. I say you said when he gave you the \$2,500, that he gave you no information as to where he had obtained it?

Mr. CUNNINGHAM. No; he did not.

Senator ERVIN. And you didn't have enough curiosity to ask him where he got it?

Mr. CUNNINGHAM. No; I did not.

Senator ERVIN. You didn't even want to know to whom you ought to have a feeling of gratitude for the assistance they gave you?

Mr. CUNNINGHAM. My gratitude was to Moss Herman, Senator. He had done this before, and he went out and raised \$2,000 before.

Senator ERVIN. You knew it didn't come from him, though, didn't you, out of his personal funds?

Mr. CUNNINGHAM. I think if need be, Moss Herman could have raised that himself.

Senator ERVIN. Well, if he had it in his pocket, he wouldn't have had to raise it, would he?

Mr. CUNNINGHAM. That is true.



Senator ERVIN. Did you think when he gave you that \$2,500 that he was giving you money which belonged to him?

Mr. CUNNINGHAM. No; I did not.

Senator ERVIN. And you didn't have any curiosity about where it came from, and you didn't even want to know who you ought to be grateful to for making the contributions to Moss Herman?

Mr. CUNNINGHAM. Senator, I was very thankful to Moss Herman.

Senator ERVIN. Now, let us see if I understood what later happened. You were told by him later that the money or at least part of the money that was being used to pay your hotel bills came from the personal funds of Jimmy Hoffa.

Mr. CUNNINGHAM. Yes; I have testified to that, Senator.

Senator ERVIN. And you also testified that he told you that Jimmy Hoffa didn't know that the money was being used for that purpose.

Mr. CUNNINGHAM. I believe that is what is in my statement.

Senator ERVIN. Can you explain to this committee how it happened that Moss Herman may have been using the personal funds of Jimmy Hoffa to pay your hotel bill, without the knowledge or consent of Jimmy Hoffa?

(The witness conferred with his counsel.)

Mr. CUNNINGHAM. Senator, I believe my testimony shows, and it certainly reflects in here in the statement that I have given to you, that when I did find out that Jimmy Hoffa had anything to do with this, we certainly had quite a fracas.

Senator ERVIN. That is not quite answering my question. Did you ever inquire of Moss Herman how it happened that he was using Jimmy Hoffa's personal funds to pay your hotel bill without the knowledge of Jimmy Hoffa?

Mr. CUNNINGHAM. I can't explain Mr. Herman's actions.

Senator ERVIN. Didn't that statement of Moss Herman's to that effect strike your mind as being what you call in the most polite language something which was rather improbable?

Mr. CUNNINGHAM. How do you refer to "improbable," Senator?

Senator ERVIN. Don't you think it is very improbable that an honest man would take the personal funds of another, and use them for some purpose of which the other was ignorant without his knowledge?

Mr. CUNNINGHAM. I can't account for Moss Herman's actions, Senator, and I can only account for my own, and when I found it out I certainly was very put out at it, and my counsel was very exceedingly put out.

Senator ERVIN. To my way of thinking, if one man takes the personal funds of another man without his knowledge or consent and uses them for any purpose, that he is committing the crime of embezzlement.

Mr. CUNNINGHAM. I can't account for him.

Senator ERVIN. Didn't that strike you as a very peculiar kind of a story, something that might have come out of "Alice in Wonderland," rather than out of the "Book of Truth?"

Mr. CUNNINGHAM. When I found out, Senator, I just walked away from the whole thing and I was ready to stop everything right that minute. I have no desire to be hooked up in anything, and I came in here of my own volition, and I want to talk, and I want to tell the whole story and I have nothing to hide, and I want the story brought out.

Senator ERVIN. I am not complaining of your hiding anything, and what I am complaining is on your own statement being totally devoid of that very natural human trait which we call curiosity.

Mr. CUNNINGHAM. It more than aroused my curiosity.

Senator ERVIN. But you sought no satisfaction for your curiosity because you didn't bother to ask him how it happened that he was using another man's money without the other man's knowledge or consent.

(The witness conferred with his counsel.)

Senator ERVIN. That is all.

Mr. KENNEDY. I think we will have some testimony quite to the contrary.

The CHAIRMAN. Proceed. Did you want to make a statement?

Mr. CUNNINGHAM. No.

The CHAIRMAN. Mr. Cunningham, if I understand you correctly, when you learned from Mr. Herman that you were actually getting money from Jimmy Hoffa, you resented it and became upset about it.

Mr. CUNNINGHAM. I did.

The CHAIRMAN. Why?

Mr. CUNNINGHAM. No. 1, it would have a terrific reflection. I talked this over with my lawyer, and it could reflect in the court, and as far as legal technicalities are concerned they would have ramifications of which I am just not capable of talking about, and I mean they are too technical for me to talk about.

Secondly, I wouldn't take any of Jimmy Hoffa's money, and I have been fighting Jimmy Hoffa, and I still am, and I am going to continue to fight him.

The CHAIRMAN. Did you get this information before you prepared this written statement?

Mr. CUNNINGHAM. Oh, yes; it reflects it in here.

The CHAIRMAN. I see it does. I just want you to turn to page 22. I read it, and you follow me, please. Right in the middle of the page it says:

I am not employed by Mr. Hoffa, and I am not employed by the international or any of its affiliates. I have never taken any money from Mr. Hoffa or solicited any from him. If he offered me any, however, in my present position, I would certainly accept it and can see no reason either legally or morally why I should not.

In the face of that statement, I can't quite reconcile your resentment of his having provided you some money, when you learned about it.

Mr. CUNNINGHAM. I refer to my present position right there.

The CHAIRMAN. What is that? Are you saying that you would accept it today although you got mad about it 2 weeks ago?

Mr. CUNNINGHAM. I did as far as the case was concerned; I certainly did.

The CHAIRMAN. I am not talking about the case, and this is your statement, voluntarily made, and you hadn't been asked about it, but you say here that you hadn't gotten any money from him, but if you got the chance obviously you would certainly take it and be glad to get it.

And then I couldn't reconcile that with your testimony just a few moments ago, when you were highly resentful when you first learned you had been getting money from Hoffa.

Mr. WILLIAMSON. Mr. Chairman, he consulted with me with reference to that particular aspect of this, and may I just for a moment talk to Mr. Cunningham?

The CHAIRMAN. You may talk to him.

(The witness conferred with his counsel.)

The CHAIRMAN. All right, is there any further explanation of it? You may proceed.

Mr. KENNEDY. But as I understand, you are against Mr. Hoffa now, Mr. Cunningham?

Mr. CUNNINGHAM. Yes; I am.

Mr. KENNEDY. You feel very strongly about it?

Mr. CUNNINGHAM. I feel very strongly about the case that I started.

Mr. KENNEDY. And against Mr. Hoffa and the way he is running the union?

Mr. CUNNINGHAM. No.

Mr. KENNEDY. You don't have any feeling against him?

Mr. CUNNINGHAM. I don't regard Mr. Hoffa in any way, shape, or manner.

Mr. KENNEDY. You do not and you don't have anything against Mr. Hoffa?

Mr. WILLIAMSON. I would like to refer to the statement for just a moment.

Mr. KENNEDY. I think you might refer to page 20. I understood Mr. Cunningham just to make a statement that he was fighting Mr. Hoffa, and then I see something on page 20. Do you want to read that?

Mr. WILLIAMSON. Read the first paragraph of your statement.

Mr. CUNNINGHAM. It is not my ambition and it has never been my ambition to injure the Teamster movement. I have been a member for many years, and I consider that a strong union is vital to we working people. Similarly, I should make it plain that I am neither for nor against Mr. James Hoffa. I was opposed to the tactics of the old board under Beck, but do not consider that a sufficient time has elapsed for Mr. Hoffa to have demonstrated how he would run the union, even without the intervention of the monitors, and clearly they have prevented his running the organization as he is responsible for doing as president.

Certainly the refusal of the monitors to permit him to continue the termination of the trusteeships, always the principal control device by the "ins," after he had demonstrated his intent to end all such trusteeships, seems utterly ridiculous to me.

Mr. KENNEDY. So you have nothing against Hoffa or his operations of the union, or his operations in the past; is that correct?

Mr. CUNNINGHAM. I didn't say that.

Mr. KENNEDY. I think that he can answer, Mr. Williamson.

Mr. CUNNINGHAM. I am answering.

Mr. KENNEDY. I am asking you now if you have anything against Mr. Hoffa.

Mr. CUNNINGHAM. I don't know Mr. Hoffa.

Mr. KENNEDY. You have no action or you don't want to take any action against Mr. Hoffa, and you would like to let him remain in as president of the union?

Mr. CUNNINGHAM. That is not so.

Mr. KENNEDY. I am just asking you.



Mr. CUNNINGHAM. No. I don't care to let him remain in as president of the union.

Mr. KENNEDY. Do you feel that he is a proper person to be president of the union?

Mr. CUNNINGHAM. Well, I would have to reserve an answer on that, until we find out all of the stuff. All I know is what I read in the newspapers.

Mr. KENNEDY. I think we will make the record of the committee available to you, Mr. Cunningham, if you want to see it. Let me just get straightened out about the \$2,500. When did you receive the \$2,500?

Mr. CUNNINGHAM. I believe I testified to that.

Mr. KENNEDY. I want to get the dates straight.

Mr. CUNNINGHAM. I believe I told you December 9.

Mr. KENNEDY. December 9, 1958; you turned it over to Mr. Williamson about that time?

Mr. CUNNINGHAM. The same day.

Mr. KENNEDY. And the \$800 came from Mr. Moss Herman on what day?

Mr. CUNNINGHAM. Sometime in the latter weeks of September 1958.

Mr. KENNEDY. And you had the conversation with Moss Herman about the fact that your bills were being paid by the Teamsters sometime during January of this year?

Mr. CUNNINGHAM. Of this year, and it would either be the last of December or the first of January, and it was in that few days.

Mr. KENNEDY. Have you ever visited Mr. Hoffa at the Teamsters headquarters?

Mr. CUNNINGHAM. Yes, I have.

Mr. KENNEDY. How many times have you visited him there?

Mr. CUNNINGHAM. Do I refer to it here?

Mr. KENNEDY. I don't know, and I just want the truth.

Mr. CUNNINGHAM. I have been in the Teamster headquarters.

Mr. KENNEDY. How many times have you visited Mr. Hoffa at the Teamster headquarters?

Mr. CUNNINGHAM. Four or five times.

The CHAIRMAN. Mr. Cunningham, if I am not mistaken, just 5 minutes ago you said that you didn't even know Mr. Hoffa; is that not correct?

Mr. CUNNINGHAM. I didn't know anything about him. What is my statement, and I didn't say I didn't know Mr. Hoffa.

The CHAIRMAN. Of course, the record, the official reporter has, and as I recall you said you didn't even know Mr. Hoffa. I could be mistaken, but I think that that is what you said.

Mr. CUNNINGHAM. Well, I don't intend it to mean that I know him as a person, to intimately know him. I am not trying—

The CHAIRMAN. Just go ahead and straighten it out and tell us how well you know him.

Mr. CUNNINGHAM. Not very well. I have gone over to him with my problems.

The CHAIRMAN. You have?

Mr. CUNNINGHAM. Yes, sir; I have.

The CHAIRMAN. How many times?

Mr. CUNNINGHAM. Four or five times.

The CHAIRMAN. Problems regarding this litigation?

Mr. CUNNINGHAM. No, sir.

The CHAIRMAN. Personal problems?

Mr. CUNNINGHAM. Personal problems.

The CHAIRMAN. About what?

Mr. CUNNINGHAM. About my getting back my job in New York City, and the refusal of local 584 to do anything about arbitration, which I am entitled to under our contract.

The CHAIRMAN. When was your last visit to him?

Mr. CUNNINGHAM. Within the past month.

The CHAIRMAN. These visits, have they been during the past year?

Mr. CUNNINGHAM. They have been since approximately September of 1958.

The CHAIRMAN. Since September of 1958?

Mr. CUNNINGHAM. That is right.

The CHAIRMAN. All right.

Mr. KENNEDY. Did you discuss Mr. Godfrey Schmidt when you visited Mr. Hoffa?

Mr. CUNNINGHAM. Yes, sir; I did.

Mr. KENNEDY. Did you discuss the cases you had against Godfrey Schmidt?

Mr. CUNNINGHAM. No.

Mr. KENNEDY. Did you discuss the fact he had not given you an accounting?

Mr. CUNNINGHAM. Just a clarification on it, no, and you didn't give me a chance on that. I originally was asked by the lawyers, and they had learned that I intended litigation against Godfrey Schmidt, and they asked me how broad a scope my litigation was.

Mr. KENNEDY. Who asked you this?

Mr. CUNNINGHAM. I believe that was in the room, it was at Teamster headquarters.

Mr. KENNEDY. Who asked you?

Mr. CUNNINGHAM. I believe there was George Fitzgerald, and I believe there was Edward Cheyfitz, and somebody represented himself as a lawyer, Maheu, or something like that.

Mr. KENNEDY. Bob Maheu?

Mr. CUNNINGHAM. Yes, sir.

Mr. KENNEDY. He is an investigator?

Mr. CUNNINGHAM. Yes, sir.

Mr. KENNEDY. When did you have that conversation?

Mr. CUNNINGHAM. Mr. Hoffa came into the room, too.

Mr. KENNEDY. What did they want to find out from you at that time?

Mr. CUNNINGHAM. They wanted to know about Godfrey Schmidt, and his accepting money from management.

Mr. KENNEDY. Is that the first time that you met Mr. Hoffa?

Mr. CUNNINGHAM. Yes.

Mr. KENNEDY. That was the first time?

Mr. CUNNINGHAM. Yes.

Mr. KENNEDY. Who called you over?

Mr. CUNNINGHAM. Moss Herman.

Mr. KENNEDY. He was there also?

Mr. CUNNINGHAM. Yes, sir, he was there.

Mr. KENNEDY. And he had been requested by Mr. Hoffa to come over there?

Mr. CUNNINGHAM. I don't know that, and I don't know who requested him, and I also brought a lawyer in.

Mr. KENNEDY. Who did you bring?

Mr. CUNNINGHAM. Mr. Edward Raff.

Mr. KENNEDY. That is another lawyer?

Mr. CUNNINGHAM. Yes, sir.

Mr. KENNEDY. Who paid Mr. Raff?

Mr. CUNNINGHAM. He forsook it and he didn't see any money in it.

Mr. KENNEDY. When was the second time you went over to see Mr. Hoffa?

Mr. CUNNINGHAM. I don't have the exact dates on that, and I couldn't be pinned down and I wouldn't want to be pinned down.

Mr. KENNEDY. What did you discuss the second time?

Mr. CUNNINGHAM. My case in New York City. When I say "my case," I mean the case against 584.

Mr. KENNEDY. Did you discuss also the litigation that you were bringing against Mr. Schmidt for the removal of Mr. Schmidt?

Mr. CUNNINGHAM. Well, I would like again to refer to exactly what Mr. Hoffa has to say about me and my litigation.

Mr. KENNEDY. I was just trying to find out the answers to these questions.

When you went over to visit Mr. Hoffa again, did you discuss with him the litigation that you had or the removal of Godfrey Schmidt?

(The witness consulted with his counsel.)

Mr. KENNEDY. If you just tell the truth, you don't have to look at your statement, just tell the truth.

Mr. CUNNINGHAM. I have sworn to this statement already, Mr. Kennedy, and that is the truth.

Mr. KENNEDY. You won't have any trouble just telling us the truth again, and you don't have to look up and find out what you wrote down.

The CHAIRMAN. I don't know whether that is in the statement or not, but the question is simply, did you discuss with Mr. Hoffa, the second time you went to see him, the case you had against Mr. Godfrey Schmidt?

Mr. CUNNINGHAM. Not the second time, no. I discussed what could be done to take action to get my arbitration working in New York City.

The CHAIRMAN. That is what you discussed the second time you went to see him?

Mr. CUNNINGHAM. That is right.

The CHAIRMAN. You didn't discuss your litigation down here with Mr. Schmidt, did you? The question is, did you or didn't you?

(Witness conferred with his counsel.)

Mr. CUNNINGHAM. I just don't recall it.

The CHAIRMAN. All right.

Mr. KENNEDY. Who was at that meeting?

Mr. CUNNINGHAM. Myself.

Mr. KENNEDY. Just you and Mr. Hoffa?

Mr. CUNNINGHAM. That is right.



Mr. KENNEDY. Nobody else was present during any part of it?

Mr. CUNNINGHAM. No, sir.

Mr. KENNEDY. Then when you went back to see Mr. Hoffa a third time, who was present at that meeting?

Mr. CUNNINGHAM. I haven't had anyone with me when I talked to Mr. Hoffa.

Mr. KENNEDY. Just you and Mr. Hoffa?

Mr. CUNNINGHAM. That is right.

Mr. KENNEDY. Did you discuss then your litigation for the removal of Mr. Schmidt?

Mr. CUNNINGHAM. I may have, and I just don't recall. I know he at one time told me, "The best thing you can do is get yourself back on that truck again. You and your litigation are crazy, and you are crazy, too."

Mr. KENNEDY. Did you discuss your action in connection with Judge Letts, and did you discuss that with Mr. Hoffa?

Mr. CUNNINGHAM. No, sir.

Mr. KENNEDY. You never mentioned that?

Mr. CUNNINGHAM. No, sir.

Mr. KENNEDY. You never brought that up at all?

Mr. CUNNINGHAM. No, sir.

Mr. KENNEDY. Who was present at any of these other meetings, other than this first meeting where you mentioned Mr. Cheyvitz was present? He is the attorney for the Teamsters.

Mr. CUNNINGHAM. I have already testified to that.

Mr. KENNEDY. Was there anybody present at any of these other meetings?

Mr. CUNNINGHAM. No, sir.

Mr. KENNEDY. Mr. Cheyvitz was the attorney for the Teamsters?

Mr. CUNNINGHAM. I don't know whether he is an attorney or not, and I met him originally around January when the consent decree was entered, and he is a redheaded little guy.

Mr. KENNEDY. How many times have you talked to him?

Mr. CUNNINGHAM. A few times.

Mr. KENNEDY. How many times?

Mr. CUNNINGHAM. Well, I talked to Mr. Cheyvitz in January concerning the consent decree a couple or three times, I would say.

Mr. KENNEDY. How many times have you talked to him since August or September of 1958?

Mr. CUNNINGHAM. I just talked to him that 1 day.

Mr. KENNEDY. Just that 1 day?

Mr. CUNNINGHAM. That is right.

Mr. KENNEDY. You never had any conversations with him?

Mr. CUNNINGHAM. I never have seen him again, I don't think.

Mr. KENNEDY. What about Mr. Williams?

Mr. CUNNINGHAM. Yes, I went over to their office, that is correct. You are right on that one.

Mr. KENNEDY. I am not right. I am just asking you.

Mr. CUNNINGHAM. I am glad you brought that up.

Mr. KENNEDY. Thank you.

Mr. CUNNINGHAM. Because the following day, I did go with Mr. Raff and Joseph Lobluto, an attorney from New York City, who was in Godfrey Schmidt's office, and I think Moss Herman was there,

too, and we went over to Ed Williams' office and he wanted to know about Mr. Bulware, of General Electric, and he wanted to know about the management's side of it, who had made contributions.

Mr. KENNEDY. This was after your conversation at the Teamster headquarters?

Mr. CUNNINGHAM. That is correct.

Mr. KENNEDY. Were you ever over there other than that occasion?  
(The witness conferred with his counsel.)

Mr. CUNNINGHAM. This morning I flew down with Ed Williams on the plane this morning, and he sat two or three seats back of me.

Mr. KENNEDY. Were you ever there on any other occasion, over at their office?

Mr. WILLIAMSON. Whose office?

Mr. KENNEDY. Mr. Williams' office.

Mr. CUNNINGHAM. The last time I was in Mr. Williams' office is the date that I referred to. I am pretty sure of that, to the best I can recall.

(The witness conferred with his counsel.)

Mr. WILLIAMSON. May we have just a moment, please?

(The witness conferred with his counsel.)

Mr. CUNNINGHAM. On one occasion Mr. Hoffa asked me what this litigation was about where I have gone to the court of appeals and I told him at that time that the best thing he could do was talk to Mr. Williamson.

Mr. KENNEDY. When was that?

(The witness conferred with his counsel.)

Mr. CUNNINGHAM. It was shortly after this case was filed, which would have been approximately around the 10th, and it was in the corridor of the Woodner Hotel.

Mr. KENNEDY. Did you ever go to Mr. Hoffa's apartment at the Woodner Hotel?

Mr. CUNNINGHAM. Yes, I did; once.

Mr. KENNEDY. Did you visit Mr. Hoffa there?

Mr. CUNNINGHAM. Yes.

Mr. KENNEDY. Who else was there?

Mr. CUNNINGHAM. No one was there.

Mr. KENNEDY. Just you and Mr. Hoffa.

Mr. CUNNINGHAM. That is right.

Mr. KENNEDY. Did you ever see Mr. Gibbons there?

Mr. CUNNINGHAM. No.

Mr. KENNEDY. Do you know Mr. Gibbons?

Mr. CUNNINGHAM. I would know him if he walked into this room.

Mr. KENNEDY. Did you ever have any conversations about these matters with Mr. Gibbons?

Mr. CUNNINGHAM. No; I did not.

Mr. KENNEDY. Tell me this: When Moss Herman told you that the hotel bills were being paid by Jimmy Hoffa, did you ask him about the \$2,500, then, who was paying that \$2,500?

Mr. CUNNINGHAM. Yes, I did, and he assured me it didn't come from that source.

Mr. KENNEDY. Did he tell you where it came from?

Mr. CUNNINGHAM. He just said, "It did not come from that source, and it did not come from any teamster." He said, "That I will swear on my life, Jack. I did not get it from any teamster."

Mr. KENNEDY. Did you find out where it came from?

Mr. CUNNINGHAM. I haven't found out to this day where it came from.

Mr. KENNEDY. Did you ask where it came from?

Mr. CUNNINGHAM. Yes, I did, and he said, "Jack, I am telling you, where this money came from you won't get hurt."

Mr. KENNEDY. Why didn't he tell you that?

Mr. CUNNINGHAM. He just refused to tell me. He refused to this minute.

Mr. KENNEDY. And the \$800?

Mr. CUNNINGHAM. I know the \$800.

Mr. KENNEDY. Where did that come from?

Mr. CUNNINGHAM. His son-in-law got a loan for approximately \$500, and \$300 came from Harry Matinsky. He is also of the milk wagon drivers. He was a recording secretary of local 584.

Mr. KENNEDY. And \$300 came from him and \$500 came from——

Mr. CUNNINGHAM. From the bank, on a loan, on a long-range loan, on which I am paying him back \$20-odd a month.

Mr. KENNEDY. When did you find that out?

Mr. CUNNINGHAM. He did it for me.

Mr. KENNEDY. When did you find out where that \$800 came from?

Mr. CUNNINGHAM. At the time it happened. I got him to do it.

Mr. KENNEDY. Did you ever have any conversations with Mr. Hoffa about the fact that you would take over a local or he would arrange for you to become an officer of a local?

Mr. CUNNINGHAM. Absolutely not.

Mr. KENNEDY. Did you ever have any discussion at all about your obtaining some position in New York in the Teamsters Union?

Mr. CUNNINGHAM. No.

Mr. KENNEDY. Did you ever talk to anybody from Joint Council 16 about joining in this litigation?

Mr. CUNNINGHAM. Yes; I did.

Mr. KENNEDY. Who did you talk to from Joint Council 16?

Mr. CUNNINGHAM. Well, of course, Mr. Distinti brought it on the floor. That was first introduced on the floor of a regular meeting of Joint Council 16, and a resolution was passed. I just don't know what the resolution was, but I know I was told by Mr. Distinti that it was unanimously approved that they should enter into this litigation.

Mr. KENNEDY. That was to eliminate the monitors; is that correct? That was in——

Mr. CUNNINGHAM. That is the court of appeals case.

Mr. KENNEDY. That is the litigation of Cunningham versus Letts.

Mr. CUNNINGHAM. That is right.

Mr. KENNEDY. And Joint Council 16, headed by John O'Rourke, was going to join you in that litigation?

Mr. CUNNINGHAM. Yes; he was.

Mr. KENNEDY. Didn't you know the relationship, the close personal relationship, that exists between John O'Rourke and Mr. Hoffa?

Mr. CUNNINGHAM. Mr. Kennedy, there are 140,000 or 150,000 men up there in Joint Council 16. John O'Rourke is 1 out of 140,000.

Mr. KENNEDY. No. He is one a little bit more important than that. He is president of Joint Council 16.

Mr. CUNNINGHAM. That is right.



Mr. KENNEDY. Did you know of that relationship when Joint Council 16 said that they would join you in this litigation?

Mr. CUNNINGHAM. Joint Council 16 can do anything they want to do. I can't stop them from doing it.

Senator ERVIN. Mr. Kennedy has put the same simple question to you twice, and you go off on a tangent.

Mr. CUNNINGHAM. No; I don't try to, Senator.

Senator ERVIN. He has put the question to you twice, a very simple question: If you knew at that time of the close personal relationship that existed between O'Rourke and Hoffa. That is a very simple question.

Mr. CUNNINGHAM. Yes, I know of the relationship. He is the vice president of the general executive board and a defendant in the action.

Mr. KENNEDY. Didn't it arouse your curiosity as to why joint council 16 would enter into this litigation with you?

Mr. WILLIAMSON. Mr. Chairman, may I say in that regard that I think this is an invasion of the lawsuit. We urge that it is a good lawsuit, and they wanted to join it because they think it has merit and we should prevail.

Mr. KENNEDY. I will tell you why this is of interest to us. We have on one hand the Teamsters Union president, at least as to the testimony so far, financing, at least in part, Mr. Cunningham's suits in the court of appeals. We have Mr. John O'Rourke and joint council 16 joining in that suit on one side.

Mr. DICKEY. Joint council 16 has not joined in that suit and is not a party petitioner in that suit.

Mr. KENNEDY. Indicating they would join. We have on the other hand Teamster Union funds used to finance Mr. Edward Bennett Williams to fight the suit for the International Brotherhood of Teamsters.

It is the most inconsistent situation that has ever existed. The Teamster Union funds are being used on both sides of the litigation.

Mr. WILLIAMSON. Mr. Chairman, since the counsel for the committee has, in the absence of an oath, been able to make a statement, that I believe reflects upon the integrity of both Mr. Dickey and myself concerning the motivation for this suit, may I very, very briefly explain to you and to your committee now how we feel about this?

The CHAIRMAN. I have no objection to an explanation. I don't understand that it reflects, that any statement he made reflects upon you gentlemen.

Mr. WILLIAMSON. We feel that it does. We are working lawyers, we are trial lawyers. We feel that the suit we have filed in the court of appeals has merit as a matter of law. We have researched it very, very thoroughly, and we would be complimented to know that some of you may have read our brief.

We don't know much about the internal politics of the Teamsters. We do know that we have a good law suit, and we have read of your work. We feel that our goal should be the goal of this committee, that is, that there be an early convention, an honest election, and certain of our clients have assured us that under those circumstances they might beat Mr. Hoffa. This we do not know.

The suggestion by counsel that Mr. Dickey and I would be in a position of taking money in a patsy suit or one where somebody is rolling over, we do consider to be a reflection upon us, and we quite frankly do not like it.

Mr. KENNEDY. I will tell you what——

The CHAIRMAN. Just a moment.

We have a witness here who is testifying, and we have a lot of litigation going on. There is some indication, some evidence at least, that his litigation, although against certain interests, is being financed at least in part by Mr. Hoffa, president of the International.

There apparently is a conflict of interest. You have the International Union, the Teamsters Union, interested on both sides of the litigation. If that is true, it is something that is most unusual. Counsel could be wholly innocent; he could not know that. You may be learning something from this testimony.

Mr. WILLIAMSON. If I may, Your Honor——

The CHAIRMAN. There is no intention of reflecting upon you, but there is an intention of developing this record to show what may be behind some of this litigation.

Mr. WILLIAMSON. If I may suggest for the record if the fact that the Teamster International or the IBT, however you describe them, has a goal or a desired end that is consistent with the desired end of our client, creates some doubt of the validity of our litigation, then the theory of guilt by knowledge has been expanded, because obviously——

The CHAIRMAN. We are only trying to get information as to the activities.

Senator ERVIN. Mr. Chairman, I see nothing here as far as counsel goes. There is no evidence that Mr. Dickey or Mr. Williamson have any knowledge of these matters or have any knowledge of the source of the \$2,500, or any knowledge of these other matters.

Mr. WILLIAMSON. We are concerned, however, if it please the chairman, that there be some thought of impropriety in the mind of counsel for this committee or a member of this committee, that because our goal is the holding of a convention and election of officers under the constitution, and at the same time perhaps the International wants this, and we don't know whether they do or not, that this should characterize our lawsuit as being shady in any sense, because we are quite proud of it.

The CHAIRMAN. You say that is your goal. The other side may have a goal of disrupting, preventing, and thwarting an honest election. I do not know. That is why we are trying to get the facts out here.

Mr. WILLIAMSON. I think they do have. I think you have developed that.

The CHAIRMAN. I don't see how they can hold both positions consistently.

Mr. WILLIAMSON. If they are trying to thwart the holding of an election, they have been successful since January 1, 1958.

Mr. KENNEDY. The International Brotherhood of Teamsters has taken one position, publicly, with their attorney, Mr. Williams, taking an opposite point and, according to the testimony of Mr. Cunningham, financially has taken a contrary position by at least the support in part of Mr. Cunningham's suit.

Mr. WILLIAMSON. They have only paid a few dollars for his hotel bills, and when we heard of this, we told Mr. Cunningham it should stop. I do not see the impropriety of it, but I do not like it.

The CHAIRMAN. Why did you tell him to have it stopped?

Mr. WILLIAMSON. Because I didn't want him to have anything to do with the other side. I told him not to talk to them, but if they wanted to discuss the case, to discuss it with me, and I will tell you quite frankly I have discussed it with them.

The CHAIRMAN. I think it is quite proper, the advice you have given. Proceed.

Mr. KENNEDY. How many times has your attorney discussed the matter with Mr. Hoffa?

Mr. CUNNINGHAM. I don't know. Ask him.

Mr. WILLIAMSON. I am quite willing to tell you.

Mr. KENNEDY. You don't know how many times, Mr. Cunningham? You don't know how many times he has visited Mr. Hoffa about this litigation?

Mr. CUNNINGHAM. No; of course not.

Mr. KENNEDY. So if he has visited Mr. Hoffa, it has been without your knowledge?

Mr. CUNNINGHAM. No.

Mr. KENNEDY. Then how many times has he visited?

Mr. DICKEY. Mr. Chairman, that is not a fair question. He says he doesn't know.

The CHAIRMAN. Do you know if he has visited Mr. Hoffa?

Mr. CUNNINGHAM. Yes. He told me he has. He served him with papers. That I know. So you must classify that as a visit, if you serve a man with papers. If you go down and—

The CHAIRMAN. All right. If you will let me, I will help you.

Mr. CUNNINGHAM. I am sorry, sir.

The CHAIRMAN. You know at least of one time, or at least you have been told of one time when your counsel served Mr. Hoffa with papers.

Mr. WILLIAMSON. May I suggest that I have been there at least a half dozen times?

The CHAIRMAN. Well, all right. I am trying to get a record here.

I say, you said that you know of one time, at least, or at least you have been told of one time that your counsel visited Mr. Hoffa when he went down and served papers on him; is that correct?

Mr. CUNNINGHAM. Yes.

The CHAIRMAN. Now, then, do you know of any other time, have you been told of any other time, or do you know of any other time that your counsel may have visited Mr. Hoffa?

(The witness conferred with his counsel.)

Mr. CUNNINGHAM. He picked up records and he served some papers. There was more than one service.

The CHAIRMAN. Do you know how many? I just ask you now: Do you know how many times? Either you do or you don't.

(The witness conferred with his counsel.)

Mr. CUNNINGHAM. I guess a total, maybe, of five times.

The CHAIRMAN. That is information that you have received from your attorney about it; so far as your being with him and actually knowing he went there, you do not know?

Mr. CUNNINGHAM. That is correct.

The CHAIRMAN. Or were you with him when he went there?

Mr. CUNNINGHAM. No.

The CHAIRMAN. You understand that he has been there some five times, maybe, to see him; is that correct?



Mr. CUNNINGHAM. That is correct.

The CHAIRMAN. All right; proceed.

Mr. KENNEDY. That is all.

The CHAIRMAN. Is there anything further?

All right, this witness may stand aside for the moment.

Mr. WILLIAMSON. Mr. Chairman, we have certain records here. On the subpoena, we are willing to do anything with them that you wish.

The CHAIRMAN. What are they?

Mr. WILLIAMSON. An income tax return, his complaint before the New York State Labor Board, a letter from Mr. Lukins with reference to a contribution made to Mr. Smith.

The CHAIRMAN. Those papers may be turned over to the clerk and she will give you a receipt for them.

Mr. WILLIAMSON. And they will be made a part of his testimony?

The CHAIRMAN. Well, we will have to look at them. Do you desire to have them made exhibits?

Mr. WILLIAMSON. We would at this time—well, I don't want to get into a personal dispute before this committee with Godfrey Schmidt, quite frankly. We would, however, like to have in the record a full explanation of the posture within which Mr. Cunningham—

The CHAIRMAN. Why don't you turn the papers over to the clerk? She will give you a receipt for the papers. The committee will examine the papers and will then act upon any request that counsel cares to submit.

Mr. DICKEY. Mr. Chairman, may I ask one question, please, sir?

The CHAIRMAN. Yes, sir.

Mr. DICKEY. As Mr. Williamson has indicated, we have an argument set in the court of appeals, U.S. court of appeals, for this circuit, on Friday morning at 10:45. This subpoena of Mr. Cunningham's was received by him, I think, on Thursday, on Wednesday, of last week as a forthwith subpoena.

We then consulted with Mr. Kennedy on Friday, or Thursday, and told to be here Tuesday. I know that you, as a good lawyer, and Senator Ervin also, know that it is a rather difficult problem for a lawyer to prepare an argument in the court of appeals.

Is it possible that ultimately this witness might be excused until after this case so that we can get to work?

The CHAIRMAN. He is here in town, isn't he?

Mr. CUNNINGHAM. Yes, I am.

The CHAIRMAN. You go ahead and go to work. We will let you know if we need you. We will try not to use you before the case is over.

Mr. DICKEY. Thank you very much, Mr. Chairman.

The CHAIRMAN. We do the best we can in these cases to try to accommodate people, but we have a problem, too.

All right, call the next witness.

Mr. KENNEDY. Mr. Tierney, Mr. Chairman.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TIERNEY. I do.

## TESTIMONY OF PAUL J. TIERNEY

The CHAIRMAN. Your name is Paul Tierney?

Mr. TIERNEY. That is correct, Senator.

The CHAIRMAN. You are a member of the staff of this committee?

Mr. TIERNEY. I am.

The CHAIRMAN. All right, Mr. Kennedy; proceed.

Mr. KENNEDY. Mr. Tierney, have you secured certain of the hotel records at the Woodner Hotel in connection with Mr. Moss Herman and John Cunningham?

Mr. TIERNEY. I have.

Mr. KENNEDY. Would you relate to the committee what those records show and who paid the hotel bills for those two individuals?

Mr. TIERNEY. With respect to Mr. Cunningham, the records show that he was at the Hotel Woodner on August 28-29, 1958, at which time he incurred charges of \$8.76. The folio reflects that the charge was transferred to A-1109, the room number. A-1109 at the time was occupied by Mr. Moss Herman.

The records further indicate that this charge, plus additional charges of Mr. Herman, totaling \$65.54, were transferred to a ledger which is a ledger of the Teamsters Union, 2741 Trumbull, Detroit, Mich. Those charges were in turn, paid by the Teamsters.

Mr. KENNEDY. Which is the headquarters of local 299 in Detroit?

Mr. TIERNEY. That is correct.

Mr. KENNEDY. And that is Mr. Hoffa's local; is that correct?

Mr. TIERNEY. That is correct.

The CHAIRMAN. In other words, the hotel bill of both Mr. Cunningham and Mr. Herman were ultimately paid by the Teamsters?

Mr. TIERNEY. That is correct, sir.

Mr. Cunningham was at the Woodner again on September 8 and 9, 1958. Charges were \$12.56. The folio indicates "Bill to Moss Herman, A-1149," his room number, and after that "Union, TEA," Union Teamsters, I imagine, is what that means.

Thereafter, he was at the hotel on September 18 and 19, 1958. Charges were \$4.12. There is a notation on that particular folio reading "To Herman, 1149," which is his room number. As far as those bills are concerned, we will have testimony later on.

Mr. KENNEDY. Just go into what information we have and then we will have another witness.

The CHAIRMAN. What is that?

Mr. KENNEDY. In connection with the bills. They were handled in a rather peculiar manner.

Mr. TIERNEY. These particular bills, Senator, were transferred to Mr. Herman's ledger or folio. He was responsible for them. Mr. Herman's bill, in turn, was transferred to the Teamster ledger. However, we have determined that, actually, these two bills of Mr. Cunningham's, this \$12.56 plus \$4.12, plus an additional \$4.12, was paid in cash by Mr. Harold Gibbons and at Mr. Gibbons' insistence.

Mr. KENNEDY. We will put that in through another witness. The only point in connection with that particular one is to demonstrate or indicate and show that the Teamsters were well aware of the fact that these bills were being paid.

Go ahead.

Mr. TIERNEY. Mr. Cunningham was at the Woodner from October 14 to October 16, at which time his hotel bill was \$32.38. The notation on the folio as to this particular bill reads:

Charge to Attorney Jacques M. Schiffer, 32 Broadway, New York, N.Y.

Mr. Cunningham was again at the Woodner from January 4, 1959, to January 9, 1959. The total charges were \$96.70. There is a notation at the bottom of the folio, handwritten, reading "Charge to 1249, Mr. Herman." However, that is crossed over in ink. There is a notation on the right, although it is crossed over, but I am sure it reads "C/L Teamsters, Detroit."

There is a notation on the top of this particular card reading "Do not charge to Mr. Herman." Information we have received will indicate that as of this time a special credit ledger was set up for Mr. Cunningham, personally, and this bill was charged to that particular account.

I might say that this card also has a notation on this reading to the effect "No information." Thereafter, when this was charged to Mr. Cunningham personally, Mr. Cunningham was at the Woodner from January 11 to January 12. His total bill was \$20.65. There is a notation on the card, "Charge to Herman, A-1249." However, the ledger which we have just received, the completed ledger related to the Teamsters, does not reflect that this particular charge was transferred to a Teamsters ledger.

Mr. Cunningham was again at the Woodner on January 14 to January 17, 1959. The charges were \$59.78, and they were transferred to Mr. Cunningham's personal ledger, these particular charges.

Mr. KENNEDY. So the practice of having the bills transferred over—first, the bills were paid directly by the Teamsters. Then they were transferred over to Mr. Cunningham's bill and paid by the Teamsters, and in January of this year, in the middle of January of this year, that practice stopped, and a special account was set up for Mr. John Cunningham and the bills were billed directly to him?

Mr. TIERNEY. That is right. There is one correction, you might say, that in the second instance they were actually transferred to the Teamster billing but paid by Harold Gibbons.

Mr. KENNEDY. What do the records show as far as the bills of Mr. Moss Herman?

Mr. TIERNEY. I might summarize, if I may, on Mr. Herman. He was initially at the Woodner Hotel commencing August 25, 1958, and was there at varying times through January of 1959.

Bills of Mr. Herman which commenced on August 28, 1958, and ended October 24, 1958, total \$318.29. These bills were transferred to the Teamster account, the Teamsters ledger, and were paid by the Teamsters. Thereafter, with bills commencing November 27, 1958, and ending January 28, 1959, which total \$1,511.85, were also transferred to the Teamsters account, but they remain unpaid as yet.

Mr. KENNEDY. That account has not yet been paid?

Mr. TIERNEY. That is right. They are still listed as charges to the Teamsters.

The CHAIRMAN. In other words, they are actually now on charge to the Teamsters and not to Mr. Herman?

Mr. TIERNEY. That is correct, Senator.



The CHAIRMAN. Herman got the service, but the charge was made against the Teamsters?

Mr. TIERNEY. Yes.

Mr. KENNEDY. The original bill of some \$385 has been paid?

Mr. TIERNEY. It has been paid.

Mr. KENNEDY. Was that paid by the International or by local 299? Was it charged to the International or local 299?

Mr. TIERNEY. I am not sure. It is just billed to Teamsters Union, 2741 Trumbull. That would be 299.

Mr. KENNEDY. It was not sent here to Washington, but it was sent to Detroit?

Mr. TIERNEY. That is right.

There are certain bills—the folios with respect to Mr. Herman and for the period December 2 through December 7, 1958, reads that the room was occupied by “Moss Herman and One.” The second individual is not further identified.

Furthermore, from December 11 through December 16, 1958, the folio is similarly designated, “Mr. Moss Herman and One.” We are not certain as to who the “One” was. The only indication we have is that there was a telephone call made from the room on December 7, 1958, charged to a Cunningham.

The CHAIRMAN. Do you want to make those records exhibits?

Mr. KENNEDY. Yes.

The CHAIRMAN. The records the witness has testified from will be made exhibit No. 248, in bulk.

(The records referred to were marked “Exhibit No. 248” in bulk for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. White.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WHITE. I do.

#### TESTIMONY OF DONALD WHITE, ACCOMPANIED BY COUNSEL, JOSEPH M. WILLIAMSON

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. WHITE. My name is Donald White. I live at 10202 Brunett Avenue, Silver Spring, Md. I am an accountant employed by a CPA firm here in Washington, stationed as resident auditor at the Woodner Hotel.

The CHAIRMAN. Thank you very much.

You have counsel. Let the record show that Mr. Williamson—

Mr. WILLIAMSON. I have represented the hotel for 6 years.

The CHAIRMAN. All right. Let the record show that Mr. Williamson appears as counsel for the witness.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. White, I want to ask you about this ledger sheet.

The CHAIRMAN. The Chair hands you what purports to be a photostatic copy of a ledger sheet on an account of the Teamsters Union, 2741 Trumbull Avenue, Detroit, Mich.

This that I hand you consists of five photostatic copies of ledger sheets, I believe. Would you examine it and state if you identify it? (Document handed to the witness.)

(The witness conferred with his counsel.)

Mr. WHITE. Yes, sir. This is our ledger sheet on that particular account.

The CHAIRMAN. That is a part of exhibit 248 which we have just referred to?

Mr. WHITE. Yes, sir.

The CHAIRMAN. All right. The witness identifies it as a photostatic copy of that account.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. White, there is a notation there on the ledger in connection with its payment. Could you tell us what the background of that is?

Mr. WHITE. Which specific item are you referring to—

Mr. KENNEDY. I think it is the one we have discussed before.

Mr. WHITE. Mr. Cunningham's, the portions of his bills?

Mr. KENNEDY. Yes. Would you relate to the committee what occurred?

Mr. WHITE. Yes. I do know that several charges of Mr. Cunningham, one I believe, for \$12.56, and the other for \$4.12, were transferred to the account of Mr. Moss Herman. His account then, when he checked out of the hotel, was transferred to this ledger card. On October 14, the front office cashier called me to the desk and said, "Mr. Gibbons is here with three folios which he wants to pay in cash." I might state that I had never seen Mr. Gibbons before, and I cannot state that this was Mr. Gibbons. I was told it was. I have not seen him since. I would not know him now if he walked into the room.

At that time he had three invoices in his hand, these two I mentioned and another—

Mr. KENNEDY. These are two for John Cunningham?

Mr. WHITE. That is correct.

The CHAIRMAN. I hand you here those invoices. State if you identify them, photostatic copies. Examine them and see if they are the photostatic copies of the two you referred to.

(Documents were handed to the witness.)

Mr. WHITE. Yes, they are. He had these two invoices and one other for \$4.12 also, which I believe was a Mr. Matinsky's bills.

The total of the three amounted to \$20.80. This man whom I was told was Mr. Gibbons, paid us \$20.80 in cash for those three invoices.

Mr. KENNEDY. He said he wanted to pay them himself?

Mr. WHITE. Yes.

Mr. KENNEDY. And you made the necessary changes on the ledger sheets?

Mr. WHITE. Well, I didn't make any change. In receiving payment on any of these accounts or any accounts I have, I try to identify where I had the charge, and when I get the payment I naturally want to place the payment on the same ledger card so that it will balance out to zero if I can make it balance out to zero.

Mr. KENNEDY. Did you make such a notation?

Mr. WHITE. I made a notation here, yes, that those particular items were paid on October 14, so that in the event it was necessary to go

back and reconcile with anyone as to what the outstanding balance at any time represents I could eliminate those particular items in making a reconciliation of the outstanding balance.

Mr. KENNEDY. Mr. Chairman, the situation here, although it is a relatively minor amount of money that is involved, indicates and shows that the Teamsters, at least as far as Harold Gibbons is concerned, had complete knowledge and information of the fact that these bills of John Cunningham's were being paid and charged to the Teamsters, and he came in personally, himself, and paid this amount of money for John Cunningham in cash.

What was the situation so far as Moss Herman's bills were concerned? Who gave you instructions to send those bills to local 299?

Mr. WHITE. To the best of my knowledge, Mr. Herman told me when the question was raised that I should send these bills to, and he made reference to, Dianne, in Detroit. From this I made the assumption that it should be charged to this Teamster Union, Detroit account.

Mr. KENNEDY. Did you know who Dianne was?

Mr. WHITE. I am not sure that I did at the time. I believe Dianne is Mr. Hoffa's personal secretary in Detroit.

Mr. KENNEDY. From then on you charged Mr. Moss Herman's bills to the Teamster account?

Mr. WHITE. That is correct?

Mr. KENNEDY. Did you have a conversation with Mr. Hoffa in January of this year in connection with these bills?

Mr. WHITE. Yes; I did.

Mr. KENNEDY. What did he state to you at that time?

Mr. WHITE. I talked to him on the phone, and he was interested in knowing whether or not any of the bills of John Cunningham or Moss Herman had been paid by any of the Teamster organizations, by either any of the locals or by the international.

Mr. KENNEDY. And you told him that they had?

Mr. WHITE. Well, I told him that it was difficult for me to try to find out. As I mentioned before, when I get a payment in, I merely locate the proper ledger that it was charged on, and credit that. Whether payments are made by check or whether they are made by cash, so long as I can properly identify where the charge was, that is where the credit goes. An examination further of some of the payments on this particular ledger card indicated that some of those bills of Moss Herman had been paid by either local 299 or the international. I don't recall now.

Mr. KENNEDY. Did you relate that to Mr. Hoffa?

Mr. WHITE. Yes, I believe that I did.

Mr. KENNEDY. Did you call him back?

Mr. WHITE. No. I think—well, I can't say for sure, whether I tried to find out while he was still on the phone or whether I called him back. I don't believe I called him back.

Mr. KENNEDY. Did he tell you to stop doing that from then on?

Mr. WHITE. No, he did not.

The CHAIRMAN. Why did he say he wanted to know?

Mr. WHITE. He didn't say why he wanted to know. I knew that Mr. Hoffa was a customer of the Woodner, and we like to please our customers. I felt that certainly it is information that he could have if he wanted it.



The CHAIRMAN. When he found out, and you told him they were being paid in that manner, he didn't tell you to stop it?

Mr. WHITE. No, sir; to my knowledge he didn't tell me to stop it, because since that time Mr. Herman has been there and I have made the same disposition of the accounts at this time, because nobody has given me specific instruction to do otherwise.

The CHAIRMAN. So even Mr. Hoffa knows about it?

Mr. WHITE. I assume so.

The CHAIRMAN. You assume it? He talked to you about it?

Mr. WHITE. Well, at the time he talked to me, I certainly told him then, yes, and I suppose he knows I am continuing to do it.

Mr. KENNEDY. A special account for Mr. John Cunningham, however, was set up subsequently?

Mr. WHITE. That is right, yes.

Mr. KENNEDY. And instead of his bills going to Moss Herman, they are being paid directly by John Cunningham?

Mr. WHITE. At the present time they have been set up to be billed to Mr. Cunningham. They have not been paid as yet.

Mr. KENNEDY. That is all.

The CHAIRMAN. Did Mr. Cunningham know how his bills are being taken care of at the time?

Mr. WHITE. Did he know?

The CHAIRMAN. Yes.

Mr. WHITE. I assume so. I never talked to Mr. Cunningham about how they were being taken care of.

The CHAIRMAN. All right. Thank you very much.

Mr. KENNEDY. Mr. Moss Herman.

The CHAIRMAN. Come forward, Mr. Moss Herman.

You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HERMAN. I do.

#### TESTIMONY OF MOSS HERMAN, ACCOMPANIED BY COUNSEL, JOSEPH M. WILLIAMSON

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. HERMAN. Moss Herman, 142-20 26th Avenue, Flushing, Long Island. I am on compensation, disabled.

The CHAIRMAN. On compensation?

Mr. HERMAN. State compensation, New York, and also receiving Federal pension as being disabled, according to the—

The CHAIRMAN. Well, is this workmen's compensation you are receiving, disability from injury?

Mr. HERMAN. Injury while at work.

The CHAIRMAN. You receive disability pension from the State of New York and also from the Federal Government; is that right?

Mr. HERMAN. I receive compensation from New York and also from the Federal Government as being totally disabled. In the— what do you call the act? the Social Security Act.

The CHAIRMAN. Social security?

Mr. HERMAN. Yes, sir.

The CHAIRMAN. You are actually not employed, then?

Mr. HERMAN. No, sir; not employed.

The CHAIRMAN. That is your sole income, your compensation, social security?

Mr. HERMAN. Yes.

The CHAIRMAN. That is the total source of your income?

Mr. HERMAN. No sir. Mrs. Herman works.

The CHAIRMAN. I am talking about your personal income.

Mr. HERMAN. Personal income? That is all.

Mr. KENNEDY. How long have you been on disability?

Mr. HERMAN. I have been disabled since June 28, 1947, sir.

Mr. KENNEDY. Is that the last time you had employment?

Mr. HERMAN. Yes, that is the exact date that I got hurt while on the job.

Mr. KENNEDY. And you have not had employment since that time?

Mr. HERMAN. No, sir.

Mr. KENNEDY. You were active in the rank and file movement against the incumbent leadership of local 584 of the Teamsters?

Mr. HERMAN. Mr. Chairman, may I please put into the record at this time two points, and that is this: At first, newspapers have stated that I am one, and I think Mr. Kennedy gave that report, that I am one of the 13 dissidents. At no time have I, nor do I belong, to the group of the 13.

Mr. KENNEDY. I was in error.

Mr. HERMAN. You were in error? Thank you, Mr. Kennedy.

The CHAIRMAN. You are speaking about the 13 that originally filed the suit?

Mr. HERMAN. Yes, sir. Mr. Kennedy said he was in error.

The CHAIRMAN. You were not one of those?

Mr. HERMAN. No, sir; at no time.

Then, again, sir, I have been told by my attorney that Mr. Kennedy or somebody from your department has told newspapermen that I am under an alias of Moses Herman, have been arrested, and have convictions.

At no time have I ever been arrested; at no time have I ever been convicted at all. I wish to have that on record, sir.

The CHAIRMAN. All right. The record is made. Proceed.

Mr. HERMAN. And I have never been under any other name of Moses Herman.

The CHAIRMAN. You have never gone under any aliases?

Mr. HERMAN. No, sir.

The CHAIRMAN. Is there anything further you wish to state?

Mr. HERMAN. That is all, sir.

Mr. KENNEDY. Mr. Herman, you were active in the rank and file movement against the incumbent leadership of local 584 of the Teamsters; is that right?

Mr. HERMAN. Yes, sir.

Mr. KENNEDY. That battle by you and by some of the other members of that local has been going on for how long? I am not going to go into all of that, but I want to get your background.

Mr. HERMAN. I understand. I want to say this, sir, that with reference to dates and so forth—

Mr. KENNEDY. Just approximately.

Mr. HERMAN. Well, I have been in litigation and other things against corruption within the locals in New York for the past 15 years.

Mr. KENNEDY. How long have you known Mr. Hoffa, Mr. Herman?

Mr. HERMAN. I did not know Mr. Hoffa, sir, until you called me here one day and asked me to appear, that you would like to talk to me. I first met you in New York at your home at 270 Park Avenue, with Mr. Tierney and Mr. Bellino. Later you called for me and I came here. While listening to the different reports, I met Mr. Hoffa.

Mr. KENNEDY. You met him here in the building?

Mr. HERMAN. Here in the building.

Mr. KENNEDY. And you have seen him occasionally since that time, have you?

Mr. HERMAN. Well, possibly. I have, I think. Now, I don't know whether these supreme court cases in New York came first, one or the other. My memory is not too clear. I cannot recall that too well. But it was in New York first, or here. But that is where I met him.

Mr. KENNEDY. Have you received any money from Mr. Hoffa?

Mr. HERMAN. Well, the moneys I have received—I have received as the only help from Mr. Hoffa as an arrangement made by him—

Mr. KENNEDY. Just answer the question. Have you received any money from Mr. Hoffa?

Mr. HERMAN. Only from him personally, yes.

Mr. KENNEDY. Have you received some?

Mr. HERMAN. My traveling expenses only in cash.

Mr. KENNEDY. When did that start?

Mr. HERMAN. I came here, sir, many months, even before Mr. Hoffa was the president of this organization. Mr. Beck was the president of this organization. There was a litigation that went on in New York and I asked help from Mr. Beck, which also included yourself.

It seemed I could not get any help from him. When Mr. Hoffa became the president, I asked help to the extent of trying to ease the corruption in local 584 in New York. He did make a phone call to an attorney, Mr. Cohen, the attorney of 584, asking what is going on there. I don't know what the outcome was.

But then I asked Mr. Hoffa that I would like to straighten out part of the mess that is going on in New York. He said, "Okay, Mr. Herman, what do you intend doing? You are not a wealthy man. You are spending your trips here. You are coming back; you are refusing to take money from me. I will tell you what. If you wish me to cooperate in some sort of a way, at least let me pay part of your expenses, such as if you stay at a hotel I will pay your expenses at the hotel, and your carfare. I think you are entitled to it."

I said, "I don't care to be obligated to anybody. I have been offered bribes in New York, which the district attorney has heard, and the Attorney General knows about it. I turned them down."

I said, "At no time will I be obligated to anybody."

When we got into a little dispute, he said, "Okay, then, I am not going to ask you. You are not a wealthy man, you are on compensation, on disability."

To keep matters even, and to get the help that I needed, I agreed to accept that sort of thing, help only not from any local, not from any organization, but only personal expenses coming out of Mr. Hoffa's own pocket.



That was the arrangement, fare from New York or whatever I needed for traveling expenses, and that is the only cash that I received was traveling expenses.

Mr. KENNEDY. When did he start paying you these moneys in cash?

Mr. HERMAN. Well, I came over to headquarters every now and then whenever I laid out, say, \$15 or \$20. It was around August or sometime then.

Mr. KENNEDY. Of 1958?

Mr. HERMAN. Yes, sir.

Mr. KENNEDY. He started making payments to you at that time?

Mr. HERMAN. He did not make payments. He asked me what my expenses was, and I accepted it. I did not know what you call get any payment for any work.

Mr. KENNEDY. Did he offer you any payment?

Mr. HERMAN. Well, he wanted to offer me money, the same as a lot of people wanted to give me money.

Mr. KENNEDY. How much money did he want to offer you?

Mr. HERMAN. There was no fixed sum mentioned, and he said, "Do you need any money," and that is the expression that was told, "Do you need any money?" I said, "No, I am not taking any money from you or anybody else."

Mr. KENNEDY. But you started to take your expenses, is that right?

Mr. HERMAN. That was the only arrangement.

Mr. KENNEDY. Where would you pick up this money from him, at the union headquarters?

Mr. HERMAN. Mr. Kennedy, you asked me a question and let me finish it, please. I am a little slow on dates and I want to get that straight, and I don't want to be caught.

The thing was, when I came to headquarters, I asked whatever I spent, we'll say, if I flew a plane, at that time it was \$30, I think and 44 cents, two trips. I got \$60.88. For that matter, I accepted, we will say 62 or 63 just to change off.

If I went by bus, which amounted to \$14 both ways, with one day's insurance, I accepted the amount of the bus. If I went by train, I accepted the amount of the train. That is the only cash I received from Mr. Hoffa.

Mr. KENNEDY. Where would you pick this money up?

Mr. HERMAN. I came over to headquarters and I had a talk with him in reference to conditions going on through New York and different other places. That is one of the main reasons why I accepted this by conferring with him as to different conditions in New York, which were, as you know and found out, very bad.

Mr. KENNEDY. So he would pay you \$63?

Mr. HERMAN. What ever my expenses for traveling were, he would give me just the amount I asked for. Maybe one time I might have gotten \$100 figuring for the next time.

Mr. KENNEDY. And would he also pay it to you himself or would anybody else pay you?

Mr. HERMAN. No, he gave it to me personally.

Mr. KENNEDY. Always, and you never got it from anybody else?

Mr. HERMAN. I never got it from anybody else.

Mr. KENNEDY. Where did he get the money from?

Mr. HERMAN. He simply went to his pocket, Mr. Kennedy, and took it out and handed it to me.

Mr. KENNEDY. \$100 and \$63?

Mr. HERMAN. Or whatever it was. He took my word for whatever I spent, knowing that I have refused him any money that I needed and, therefore, he knew I was not looking to make any profit or take any extra money from him.

Mr. KENNEDY. How much money did he pay you in all?

Mr. HERMAN. Well, I would say \$400 up to date. Is that it?

Mr. KENNEDY. Yes.

Mr. HERMAN. Four or five hundred dollars.

Mr. KENNEDY. That is from approximately August or so?

Mr. HERMAN. Until now, yes, and it is traveling expenses.

Mr. KENNEDY. Then, did you in turn, or were you paying some of Mr. John Cunningham's bills?

Mr. HERMAN. I don't—what do you say?

Mr. KENNEDY. Were you paying some of Mr. John Cunningham's bills?

Mr. HERMAN. In reference to what?

Mr. KENNEDY. In connection with anything.

Mr. HERMAN. Well, Mr. Cunningham was at the time in slight difficulties and I don't know, and I said, "You come along with me," and I paid his bill, or rather he stayed with me at the hotel, and I ate in the restaurant and signed a check in the restaurant and covered Mr. Cunningham to that expense.

Mr. KENNEDY. Did you pay that money yourself?

Mr. HERMAN. No, sir, I just signed for it and at no time did I ever see a bill from the Woodner Hotel. The only bill I saw was what I signed, included a tip in the restaurant, and gave it to the cashier, and that is all I did.

Mr. KENNEDY. Were they keeping the bills hidden from you or what?

Mr. HERMAN. No, sir; I was not interested. I am not interested in any bill, and if Mr. Hoffa is willing to pay for it, I will eat as hearty as I can.

Mr. KENNEDY. You made arrangements that staying at the Woodner Hotel, he would pay those?

Mr. HERMAN. My board and food, sir.

Mr. KENNEDY. Did you tell the hotel to send your bill out to Detroit?

Mr. HERMAN. Well, there was an error there; in the beginning I didn't know what to do and I said, "Send it to Detroit," and I figured Mr. Hoffa goes to Detroit where his home is.

I had no intention of anything else and then there was an error and I understand they sent it to some local or some international. I corrected that and I said, "At no time must anybody else receive any bill but Mr. Hoffa, personally, as he, personally, will foot the bill that I incur in the restaurant or in my board that I am staying at the hotel."

Mr. KENNEDY. All of the bills seem to have been sent to local 299 and paid by that local.

Mr. HERMAN. The only thing I can say is, "Yes," it happened in the beginning but that was an error and I did not see any bills at all and I want you to understand that and I don't know what the total is, and I don't know how much it involved except day by day in the restaurant, I signed the check, including Mr. Cunningham, and added a tip and that is the only thing that I saw.

Mr. KENNEDY. Who did you tell in the hotel?

Mr. HERMAN. I beg pardon?

Mr. KENNEDY. Who did you tell in the hotel about forwarding your bills?

Mr. HERMAN. Who did I tell?

Mr. KENNEDY. Yes.

Mr. HERMAN. I told somebody behind the desk, the cashier or somebody and I don't know, and they change cashiers so often there, and I told them just send the bill to Mr. Hoffa.

Mr. KENNEDY. What about Diane?

Mr. HERMAN. Well, I know she is his secretary out in Detroit, and that is the only point I do know.

Mr. KENNEDY. Did you tell them to send the bills to Diane?

Mr. HERMAN. I am telling you what the error was, and somebody mentioned, "Do you mean his secretary, Diane?" and I said, "I suppose so."

Mr. KENNEDY. You mean just this man behind the desk knew what Mr. Hoffa's secretary's name was, Diane?

Mr. HERMAN. O, no. He must have known possibly, and he must have paid bills for previous people there and all I know is that I said, "Please send this bill to Mr. Hoffa and he will take care of it," and that is all I do know.

Mr. KENNEDY. Did you also give Mr. Cunningham the \$2,500?

Mr. HERMAN. Yes, sir.

Mr. KENNEDY. Where did you get that money?

Mr. HERMAN. I got that money, I had that money first, previously, and then I had given to me or loaned to me, rather, \$3,000.

Mr. KENNEDY. By whom?

Mr. HERMAN. By Mr. Jacques Schiffer.

Mr. KENNEDY. That is the same attorney that we have mentioned earlier today?

Mr. HERMAN. Yes, sir.

Mr. KENNEDY. That represented Mr. Hodes, Mr. Davidoff, and others?

Mr. HERMAN. I don't recall who he represented at the time. I don't recall who he represented.

Mr. KENNEDY. How long had you known Mr. Schiffer? All of your life?

Mr. HERMAN. No, sir.

Mr. KENNEDY. When did you meet him?

Mr. HERMAN. Go ahead, sir.

Mr. KENNEDY. When did you meet Mr. Schiffer?

Mr. HERMAN. I met Mr. Schiffer in 1957 here at one of your hearings and he seemed to have done, or I thought he did a good job and I don't know who he represented or what the background was.

I even think it happened to be one of those paper locals, but he is an attorney or as an individual, I thought he did pretty well, and I asked for his card. While I did several other people asked for his card at the same time, right in this very room, sir. That is when I met Mr. Schiffer.

Mr. KENNEDY. When did you see him after that?

I might say, Mr. Chairman, he did represent these three gentlemen, all of whom took the fifth amendment.



Mr. HERMAN. Who is that?

Mr. KENNEDY. Mr. Schiffer represented Hodes, Davidoff & Gordon, and all of his clients took the fifth amendment before the committee.

Mr. HERMAN. I am not interested in who he is, and he was an attorney and he represents all kinds of people.

Mr. KENNEDY. You thought he had done a good job?

Mr. HERMAN. As far as I am concerned, sitting at this table, I have seen some pretty good men handle worse criminals than that, and I think they have a pretty good name, and I am not interested in their background and I am interested in what they could have done.

Mr. KENNEDY. So when Mr. John Cunningham needed an attorney you took him to see Mr. Schiffer?

Mr. HERMAN. When John Cunningham came to me and said, "Moss, I am stuck. I need an attorney," and I said, "I think I have the right fellow for you." He had been double-crossed, and I don't blame you for laughing, Mr. Kennedy, because I also have been double-crossed: and I wish to say, Mr. Kennedy, you may smile, but you are part and parcel of the double-cross that I have received.

I hate to say it, sir, but when this whole thing started this whole milk industry in New York, we helped your committee and we went out on a limb, sir, and also we brought you all sorts of people, as Mr. Tierney and Mr. Bellino can vouch for, and we came to your home, Mr. Cunningham and I, and we tried to do a job which you can vouch for, and I don't have to be told that I am a crook or I have had a conviction when I haven't even got a parking ticket.

Excuse me, I am sorry, Senator.

Mr. KENNEDY. You took——

Mr. HERMAN. I wish to apologize for that, and I am very sorry.

Mr. KENNEDY. You took Mr. Cunningham to see Mr. Schiffer?

Mr. HERMAN. Yes, sir, and I thought Mr. Schiffer was just the type of man that could handle Mr. Cunningham after what he went through, the doublecross.

Mr. KENNEDY. And he agreed to take the case?

Mr. HERMAN. I don't know what happened, the financial arrangements or anything else.

Mr. KENNEDY. Then, did Mr. Cunningham come to you later and say he had to pay some other attorneys?

Mr. HERMAN. What other attorneys?

Mr. KENNEDY. Mr. Williamson.

Mr. HERMAN. Mr. Cunningham came to me and I don't remember the dates, and I think that it was around November or some time like that, and I have some sort of memory that he was going to hire an attorney.

I wasn't in Washington at the time. He said he saw an attorney that he likes and he thinks can do the job in Washington better than Mr. Schiffer could. So he said, "There is only one trouble; they want money."

Previously, in all litigation in New York, I will admit I have had many attorneys and all volunteered their services. Therefore, that is why I say I smiled when he said those people like money.

So I said, "I don't know where to get it. I will try." He said, "How about you? You can dig up money for all sorts of campaigns and all sorts of things. How about it, Moss?" I said, "Well, I'll try."

I had some money given to me by Mr. Schiffer, really, at the time, but not for this purpose, and I was in ill health, and I still go to a doctor, and Dr. Lilienfeld at 574 West End Avenue, monthly, because of my condition, sir. And I wish to state that these are my legs which I got while on the job, and these I have because of a fusion on the spine, and therefore, they have sort of deteriorated or anesias has set in and I still have to go once a month to the doctor.

He doesn't know what happened to them and those things we can't help. This was up to June of 1947.

Mr. KENNEDY. Could you get back to getting the money from Mr. Schiffer?

Mr. HERMAN. Well, Mr. Schiffer, when I asked Mr. Schiffer, since he is an attorney and then we became friendly, and I said, "Look, Jacques, I need some money." And he said, "What for?" And I said, "I need it personally."

My wife is working, as you know, and I didn't have disability from the Government yet because I was receiving \$28 a week compensation, which is \$116 a month. My social security was \$86.30 and since I was receiving more from compensation, I couldn't receive the Government setup, because only if there was a comparison there would I receive more of it.

Therefore, until August or September, the Government paid me the money because of a law that went through.

Mr. WILLIAMSON. May I consult with the witness for just a moment, and I hate to interrupt.

The CHAIRMAN. I wish you would ask him to just answer the question.

Mr. WILLIAMSON. These men are very busy, and I am very busy and you want to get through and if you will answer Mr. Kennedy's questions, we will all get out of here.

Mr. HERMAN. He wants to get \$2,500, and that is all I paid him.

The CHAIRMAN. You are trying to do \$2,500 worth of talking?

Mr. HERMAN. I said he only got \$2,500, and that is all Cunningham paid his attorney, and so I can't get any more value out of it.

Mr. KENNEDY. You got the \$2,500 from Mr. Schiffer?

Mr. HERMAN. Yes, sir.

Mr. KENNEDY. And you turned that money over—

Mr. HERMAN. I got \$3,000.

Mr. KENNEDY. From Mr. Schiffer, and you turned \$2,500 of it over to Mr. Cunningham?

Mr. HERMAN. Yes, sir.

Mr. KENNEDY. To pay his attorney?

Mr. HERMAN. That is right.

Mr. KENNEDY. Now, did you give Mr. Schiffer a note?

Mr. HERMAN. I gave him a receipt or a note or whatever you want to call it, without interest, and it was 10-7-58, and that is the exact date on the note.

Mr. KENNEDY. Why would Mr. Schiffer, whom you had only known briefly, put up \$3,000 in cash for you?

Mr. HERMAN. Mr. Kennedy, in New York a lot of people have offered me cash, and I think it is not my credit because I had to have somebody else borrow for me later, but I am still pretty good for some money.

Mr. KENNEDY. Why would Mr. Schiffer, whom you knew only a short time, put up \$3,000?

Mr. HERMAN. He must have checked my background, sir, and I don't know. I asked him and he had it for me, cash money, and he gave it to me.

Mr. KENNEDY. Mr. Schiffer was interviewed by our investigator, Mr. Herman, on January 28, 1959, and he stated that he spent perhaps \$700 or \$800 out of his own pocket for his own expenses such as travel, meals, and hotel bills, and he also admitted that on one occasion the Woodner Hotel forwarded to Schiffer his own bill and the bill of Moss Herman. Was he paying your bill, also, Mr. Herman, at the Woodner Hotel?

Mr. HERMAN. I don't know what he paid. We went to Atlantic City at one time with Mr. Cunningham, and he wanted to confer or think something over, and I guess he footed the bill.

Mr. KENNEDY. Did you reimburse Mr. Schiffer?

The CHAIRMAN. You had to go to Atlantic City to think something over? Is that your testimony?

Mr. HERMAN. Yes.

The CHAIRMAN. Is that what you said?

Mr. HERMAN. Pardon me?

The CHAIRMAN. Did he have to go to Atlantic City to think something over?

Mr. HERMAN. I understand that he wanted to get Mr. Cunningham out of New York where he was pestered by phone calls or other matters.

The CHAIRMAN. Who wanted to get Cunningham out of New York?

Mr. HERMAN. Mr. Schiffer, and he thought that the best plan was to get out because they had a case coming on, and he wanted to sit down and study the case at that time.

The CHAIRMAN. He went to Atlantic City to talk about the case?

Mr. HERMAN. Yes; it was just a short time.

The CHAIRMAN. I guess that he came out all right.

Mr. KENNEDY. Did you reimburse Mr. Schiffer for the bills that he paid for you at various hotels?

Mr. HERMAN. No, sir.

Mr. KENNEDY. You have not reimbursed him?

Mr. HERMAN. No; but the only thing was that I gave Mr. Schiffer back \$300. That is, he ran short and he needed some money, and I gave him back \$300, which means that I only owe him \$2,700.

Mr. KENNEDY. What about his hotel bills that he paid for you?

Mr. HERMAN. What hotel bill did he pay for me, sir?

I don't know anything about it.

Mr. KENNEDY. You don't know anything about the fact that he did?

Mr. HERMAN. If he footed a bill—

Mr. KENNEDY. Why was he paying your hotel bills?

Mr. HERMAN. Well, if you invite me to go someplace, you are going to foot the bill, as far as I am concerned.

Mr. KENNEDY. He invited you to the Woodner Hotel in Washington, D.C.

Mr. HERMAN. What is that?



Mr. KENNEDY. On November 10 you stayed at the Woodner Hotel, from November 10 through November 13.

Mr. HERMAN. Well, he brought Mr. Cunningham here to Washington and asked me to come along, and he had something pertaining to the case of Mr. Cunningham, and, I think, in reference to Mr. Schmidt, one of the monitors. Naturally, I took the attitude, since he is on a case, I am not going to have Mr. Hoffa foot my bill while I am with somebody else's case, and that is the reason he footed the bill on that case.

Mr. KENNEDY. Instead of having Mr. Hoffa foot the bill, you had the attorney whom you hired?

Mr. HERMAN. I am not interested. I came at the attorney's jurisdiction. I didn't come on my own business with Mr. Hoffa. If I came there pertaining to things that I should notify or be with Mr. Hoffa, I would charge Mr. Hoffa. I do not charge him for anything except pertaining to his own affairs.

Mr. KENNEDY. This is rather unusual, that you have your bills paid by Mr. Cunningham's attorney, and Mr. Cunningham has his bills paid by you, and then you get your money from the Teamsters' Union.

Mr. HERMAN. If you will check my record, I am a pretty—how would you say? What was that word that you said before?

Mr. KENNEDY. "Publicly" or what?

Mr. HERMAN. What did you say just now? It seems to me kind of funny. I am a funny kind of a guy, and I allow no one to pay my bills unless there is a reason for it.

Mr. KENNEDY. We interviewed Mr. Schiffer, and he said on occasion he paid your bills.

Mr. HERMAN. Possibly; yes.

Mr. KENNEDY. And that you have reimbursed him for those bills.

Mr. HERMAN. Certain bills, I have, for the sole reason that I have been short, and I didn't get to Mr. Hoffa that day.

Mr. KENNEDY. Did you reimburse him or not?

Mr. HERMAN. I possibly did, and I don't recall.

Mr. KENNEDY. Did you ever give him any money?

Mr. HERMAN. Well, I told you I gave him \$300.

Mr. KENNEDY. Other than that.

Mr. HERMAN. Myself, I don't remember.

Mr. KENNEDY. Did you ever reimburse him for any of your expenses?

Mr. HERMAN. Possibly I did, and I don't recall just how or when, sir. I don't recall. Things have been moving around that fast.

The CHAIRMAN. You just met the man a little less than 2 years ago; did you not?

Mr. HERMAN. Yes, sir.

The CHAIRMAN. Now you have been paying your expenses at different times?

Mr. HERMAN. May I say this, sir, that he is not paying my expenses except when Mr. Cunningham—

The CHAIRMAN. Except there is a reason for it.

Mr. HERMAN. Yes.

The CHAIRMAN. On occasions when there was a reason for it, did you reimburse him?

Mr. HERMAN. At certain times, I recall, yes, once or so I did reimburse him and I just can't recall the incident, and I know I gave him some money, and I reimbursed him, some money that he laid out for me.

The CHAIRMAN. All of this happened within the last year, or less than 2 years time?

Mr. HERMAN. If it comes to dates, Senator, I wish to say if it comes to dates I am pretty bad on dates.

The CHAIRMAN. Let us get back to about last November. That is pretty close.

Mr. HERMAN. What is that?

The CHAIRMAN. Let us get back to about last November, that is pretty close.

Mr. HERMAN. Yes, sir.

The CHAIRMAN. Your memory is not that bad, I don't suppose. Have you reimbursed him for the bills he paid for you last November?

Mr. HERMAN. Last November?

The CHAIRMAN. Yes.

Mr. HERMAN. Where was that?

The CHAIRMAN. Where were you last November?

Mr. HERMAN. That is what I am trying to recall. I have been back and forth so many times.

The CHAIRMAN. Let us say from November 10 to November 13. Where were you then?

Mr. HERMAN. I was at the Woodner, sir, I think.

The CHAIRMAN. I think your bill came to about \$86.18 at that time, and he paid it, and did you reimburse him for that?

Mr. HERMAN. Well, \$86.20, I reimbursed that, \$86 and change, because he claimed that bill was supposed to be charged to me, and I refused to accept it at first, to be frank with you, sir, and I thought it was his bill. And then he turned around and charged it to me, and I don't think that I have yet accepted it, unless they pushed it through the hotel.

The CHAIRMAN. You do not think that you ever paid it?

Mr. HERMAN. Well, I don't know. I never saw any bills, and these bills go right through the hotel, and I don't know.

The CHAIRMAN. You never see them?

Mr. HERMAN. No, sir.

The CHAIRMAN. You don't pay them without seeing them, do you?

Mr. HERMAN. I don't have anything to do with them, sir.

The CHAIRMAN. Well, you did not pay it?

Mr. HERMAN. What is that?

The CHAIRMAN. If you had nothing to do with it and you didn't see it you didn't pay it.

Mr. HERMAN. I am just saying that that bill, what you are talking about, was the date that Mr. Schiffer invited Cunningham or me to go along. That was the one bill—

The CHAIRMAN. I still do not know whether you ever repaid that bill or not. Did you?

Mr. HERMAN. No, sir; I don't pay any bills, sir.

The CHAIRMAN. And you don't repay them, or reimburse any one who does pay them?

Mr. HERMAN. The only time I reimbursed is if he lays out cash for me, sir.

The CHAIRMAN. What is that?

Mr. HERMAN. If he lays out any cash for me.

The CHAIRMAN. If he just pays a bill, that is not laying out cash?

Mr. HERMAN. Well, I never see them.

The CHAIRMAN. Well, is it or not? I do not know what you mean by "laying out cash."

Mr. HERMAN. If he would get the plane ticket for me, I reimbursed him for the plane ticket that he got for me. Of if we went by train, I would reimburse him for that.

The CHAIRMAN. Did you reimburse him for any hotel bills?

Mr. HERMAN. Hotel bills?

The CHAIRMAN. Yes.

Mr. HERMAN. At the Woodner, I never see any, sir. I can't reimburse him. I can't reimburse anything I never see.

The CHAIRMAN. You did not reimburse him for any hotel bills at the Woodner?

Mr. HERMAN. No, sir.

The CHAIRMAN. Because you did not see any bills?

Mr. HERMAN. That is right.

The CHAIRMAN. And you don't know who paid them?

Mr. HERMAN. I know one thing: Any bills of mine are supposed to be charged to Mr. Hoffa personally.

The CHAIRMAN. You said you were not going to charge them to Mr. Hoffa unless he had something to do with it and when you went out there for this fellow you were not going to let him pay the bill.

Mr. HERMAN. If I knew the bill was there, I would stop it, and I didn't know about it.

The CHAIRMAN. In fact, you don't know whom you owe and whom you don't, do you? You never see the bill and you never know anything about it.

Mr. HERMAN. No, sir; not at the Woodner.

(Members of the select committee present at this point in the proceedings: Senators McClellan and Ervin.)

The CHAIRMAN. Senator Ervin.

Senator ERVIN. Mr. Schiffer is a lawyer in New York?

Mr. HERMAN. Yes, sir.

Senator ERVIN. And he knew that the only income you had consisted of disability payments under social security, plus workmen's compensation?

Mr. HERMAN. Yes, and my wife working.

The CHAIRMAN. You don't take her income, do you?

Mr. HERMAN. Well, you said the income. That is part of the income, too, into the family.

Senator ERVIN. Your wife's earnings are part of your income?

Mr. HERMAN. No. It is part of the earnings into the family. I couldn't exist without her income.

Senator ERVIN. Mr. Schiffer knew that that was the only means of livelihood you and your family had?

Mr. HERMAN. Yes, sir.

Senator ERVIN. And you go to him and ask him for \$3,000, telling him that \$2,500 of that is to pay a retainer fee to some other lawyer?



Mr. HERMAN. At that time, sir, there was no such thing as retaining, as I told you. At that time there was no intention to pay any lawyer. It was for my personal self. I wasn't well. I was getting into debt, with sickness and doctors. That is what I used it for. There was no thought of any attorney at the time, sir.

Senator ERVIN. But then you told Mr. Schiffer you wanted to borrow the money for yourself, that you needed it?

Mr. HERMAN. Personal use.

Senator ERVIN. You never told him that Mr. Cunningham needed it?

Mr. HERMAN. Mr. Cunningham did not get any of that at that time. He did not know anything about that until possibly a month or so, and I never told Mr. Cunningham where I got it.

Senator ERVIN. Let me see if I understand it. I thought you said you got \$3,000 from Mr. Schiffer.

Mr. HERMAN. Yes. Right.

Senator ERVIN. And that you used \$500 yourself, and gave \$2,500 to Mr. Cunningham?

Mr. HERMAN. No. I said \$300 I gave back to Mr. Schiffer later, and when Mr. Cunningham needed some money, I went different places trying to get it. I couldn't get the money, and I used \$2,500 of that and gave it to Mr. Cunningham, who, in turn, gave it to Mr. Williamson.

Senator ERVIN. All right. How did Mr. Schiffer give you this money?

Mr. HERMAN. In cash.

Senator ERVIN. In cash?

Mr. HERMAN. Yes, sir.

Senator ERVIN. I certainly practiced law in the wrong part of the country, because the lawyers in my part of the country don't run around with \$3,000 in cash in their pockets.

So he just reached into his pocket to get the cash?

Mr. HERMAN. No. He had it in an envelope.

Senator ERVIN. Where did he get the envelope?

Mr. HERMAN. That you will have to ask Mr. Schiffer. I don't know where he got the envelope from. The money was in the envelope. He took the envelope out of his pocket and I even counted it in front of him, sir.

Senator ERVIN. And you gave him a receipt?

Mr. HERMAN. A receipt for \$3,000, dated October 7, 1958.

Senator ERVIN. And he didn't require you to give him any note with any endorser?

Mr. HERMAN. Well, no, sir, just a receipt I gave him and it was without interest.

Senator ERVIN. I am trying to find out. When you tell him you need \$3,000—and this is a man who knew that you only means of livelihood were yourself and your family, with the earnings of your wife, your disability under the social security and under the workmen's compensation law—when you asked him for \$3,000, without a word he dives into his pocket, brings out an envelope, and gives you \$3,000 that you count out?

(The witness conferred with his counsel.)

Mr. HERMAN. The only thing, Senator, that I can say is, thank God I have a good reputation.

Senator ERVIN. I am not asking about your reputation. I am asking about Mr. Schiffer.

Mr. HERMAN. I can only tell you what was given to me, in one day, \$3,000.

Senator ERVIN. That is your testimony, is it not, Mr. Herman?

Mr. HERMAN. I am here to tell you the truth, and I am telling you the truth. I am not denying anything or stating any other fact. I received \$3,000 in cash.

Senator ERVIN. This is the way you received it?

Mr. HERMAN. In an envelope handed to me; yes, sir.

Senator ERVIN. You asked Mr. Schiffer?

Mr. HERMAN. I asked not only Mr. Schiffer, I asked a number of people. Mr. Schiffer came across.

Senator ERVIN. Well, you said those people didn't come across, so you had to ask Mr. Schiffer.

Mr. HERMAN. Maybe he came first, then.

Senator ERVIN. You went to Mr. Schiffer?

Mr. HERMAN. Yes, sir.

Senator ERVIN. And you told him you needed \$3,000?

Mr. HERMAN. That I needed money. He said "How much?" and I said, "About \$3,000."

Senator ERVIN. So, therefore, he reached into his pocket and pulled out an envelope?

Mr. HERMAN. No, sir. That was long before the same day. It wasn't the same day. I asked him previously for that money. He met me and gave me that money.

Senator ERVIN. Where did he meet you?

Mr. HERMAN. I met him. I met him. We sat in a restaurant. He took out the envelope, and he said, "Here, Moss." He was coming from New York, I am coming from Queens, a dividing line, we met in a restaurant and he gave me the money and he went on to work.

Senator ERVIN. How long was that after you told him you needed the \$3,000?

Mr. HERMAN. That must have been a week or a few days. I don't just recall.

Senator ERVIN. Did you agree that he would meet you at that restaurant with the \$3,000?

Mr. HERMAN. He called me and said, "Moss, I have the money. Meet me at so-and-so on the way down on the Long Island Railroad. I will get off." I don't recall what the station was. I came by with the bus from where I was. It was sort of a halfway point.

Senator ERVIN. We got there. Let us get to the cafe. Leave the train out. You met him by appointment, instead of your going to his office?

Mr. HERMAN. That is right.

Senator ERVIN. You and he met at a restaurant, at a cafe, and he reaches in his pocket and pulls out an envelope with \$3,000 in it and gives it to you?

Mr. HERMAN. He calls me that morning and says he has the money.

Senator ERVIN. Let's get to the cafe.

Mr. HERMAN. It wasn't a cafe. It was a restaurant. There is a difference between a cafe and restaurant. I don't drink. I don't drink, sir, so I don't enter cafes.

Senator ERVIN. Let's get to the restaurant, then. You go to the restaurant where he meets you and he dives into his pocket and he pulls out \$3,000 in an envelope?

Mr. HERMAN. Mr. Senator, you make it kind of dramatic but it isn't so. He just merely handed me \$3,000.

Senator ERVIN. It would seem rather dramatic to me if anybody would give me \$3,000 under those circumstances.

Mr. HERMAN. Possibly where you come from it means a lot of money. Possibly around here they spend more than that right here in Washington.

Senator ERVIN. Anyway, whether it was dramatic or not dramatic, he reached into his pocket, pulled out \$3,000 in cash and gave it to you.

Mr. HERMAN. May I correct you? I don't like the expression "he pulled out." He handed me \$3,000.

Senator ERVIN. He extracted it.

Mr. HERMAN. I don't know extracted. He handed me \$3,000 in an envelope.

Senator ERVIN. And which he had removed in some way from his pocket?

Mr. HERMAN. Naturally.

Senator ERVIN. He didn't require you to give him any note?

Mr. HERMAN. Yes, sir. I gave him a note.

Senator ERVIN. I thought you said receipt.

Mr. HERMAN. Receipt, note, to me it is the same thing.

Senator ERVIN. And no agreement as to when it was going to be paid back?

Mr. HERMAN. No, sir.

Senator ERVIN. And you weren't going to pay any interest on it?

Mr. HERMAN. No, sir.

Senator ERVIN. And you gave him no security?

Mr. HERMAN. No, sir.

Senator ERVIN. And as far as he was concerned, there being no time of payment fixed, you could have kept the \$3,000 without paying any interest on it until the last lingering echo of Gabriel's horn trembled into ultimate silence, under the agreement?

Mr. HERMAN. Senator, I wish you knew me a little better than across the table. You wouldn't pass that comment.

Senator, I could have got many thousands just merely by putting my hand out, Senator. I could take all the blackmail and graft, if I want to, and Mr. Kennedy knows that, and so does the other gentlemen know it.

Mr. KENNEDY. I can't vouch for you.

Mr. HERMAN. I don't think that is correct, when you pass a comment like that against my character.

Senator ERVIN. I am not talking about your character. I am talking about the agreement that you made with Mr. Schiffer. You said you could have the \$3,000 free of all interest, that there was no time, no security required, no endorser required, no time fixed for payment. I was asking you if under the agreement you had with Mr. Schiffer, that you could have kept the money until, without paying any interest on it, until the last lingering echo of Gabriel's horn trembled into ultimate silence.

Mr. WILLIAMSON. The Senator is an able lawyer, I know——



Senator ERVIN. I think that is a correct interpretation of that, according to the letter of the contract.

Mr. WILLIAMSON. I would suggest to you that possibly Mr. Schiffer, or whatever his name may be, could have sued him the next day on a demand. Frankly, I can understand your characterization——

Senator ERVIN. I frankly do not think he could have sued the next day. A demand, in order to pay the next day, would have to be payable on demand. It didn't say it was on demand. I think that under the most generous interpretation of the contract he could have kept it for whatever a reasonable time was after that, and what a reasonable time was we don't know. But he said he didn't require him to agree to pay it back at any definite time and he got it interest-free. I would say that Mr. Schiffer looks to me, on Mr. Herman's testimony, more like an eleemosynary institution than a lawyer.

Mr. WILLIAMSON. Frankly, I can understand your characterization.

The CHAIRMAN. All right. We understand the characterization. Is there anything further?

Mr. KENNEDY. I wanted to go back to the interview that our staff representative had with Mr. Schiffer.

He stated that with the exception of some of the hotel bills that he paid for you, and he stated he was reimbursed, with the exception of that money he denied paying out any other money, either for you or for Mr. Cunningham.

Could you tell the committee why he would deny making this payment of \$3,000 to you?

(The witness conferred with his counsel.)

Mr. HERMAN. I can only say, sir, and I am under oath, that I received \$3,000 from Mr. Schiffer, and that is what I am telling you.

The CHAIRMAN. You have not paid it back?

Mr. HERMAN. No, sir.

The CHAIRMAN. He said he never let you have it, so I guess you will never have to pay it back.

Mr. HERMAN. I hope you have that on record, sir.

The CHAIRMAN. You would like to get out of paying it back?

Mr. HERMAN. No, sir, I don't——

The CHAIRMAN. He says you don't owe it.

Mr. HERMAN. I am not interested in what he says. I know I owe him that money. I hope he has forgotten it, if that is the way he takes it. But I will make sure he gets it back. I don't owe anybody any money.

Mr. KENNEDY. Do you know Mr. Abe Gordon?

Mr. HERMAN. I think I met him once.

Mr. KENNEDY. When did you meet Abe Gordon?

Mr. HERMAN. Somewhere around—let me see. I met Abe Gordon. I am trying to place it, somewhere around in New York. I don't just recall where.

Mr. KENNEDY. When?

Mr. HERMAN. I can't recall, sir.

Mr. KENNEDY. In the last 2 months?

Mr. HERMAN. No, no. Quite a ways back.

Mr. KENNEDY. How long ago?

Mr. HERMAN. Many months ago, I think.

Mr. KENNEDY. How long ago?

Mr. HERMAN. I couldn't recall.

Mr. KENNEDY. Did you go to his office?

Mr. HERMAN. I don't know where his office is. I don't know what local he belongs to or anything.

Mr. KENNEDY. Do you know Mr. Schiffer is Abe Gordon's attorney?

Mr. HERMAN. No, sir.

Mr. KENNEDY. You don't know anything about that?

Mr. HERMAN. No, sir.

Mr. KENNEDY. Did Mr. Schiffer mention to you that any of this money was coming from Abe Gordon?

Mr. HERMAN. No, sir. We never talked as to where it came from. I asked him, and he called me and said, "I have it for you." I met him and he gave me the money.

Mr. KENNEDY. Did you visit Mr. Hoffa here at Teamster headquarters?

Mr. HERMAN. Many times.

Mr. KENNEDY. Since August of 1958?

Mr. HERMAN. Yes, many times.

Mr. KENNEDY. Did you ever visit him at his apartment at the Woodner Hotel?

Mr. HERMAN. Maybe I might have once gone up there. That is about all. I have nothing pertaining to his apartment. I don't bother him in his apartment, sir.

Mr. KENNEDY. Who else was present when you went to his apartment?

Mr. HERMAN. I don't think anybody was. I don't recall. It has been quite a while. I don't go to his apartment. If once I went there, I couldn't recall who I went with or if anybody was there.

Mr. KENNEDY. This isn't too long ago—less than a year.

Mr. HERMAN. For that matter, sir, there are things that happened last week I couldn't remember. I will be frank with you.

Mr. KENNEDY. Did you ever give Mr. Cunningham any cash?

Mr. HERMAN. At no time did I give him cash. He gave me cash occasionally when I bought a plane ticket or train ticket for him. He reimbursed me.

Mr. KENNEDY. Where did he get the cash?

Mr. HERMAN. I don't know where he got the cash. He gave me the cash for anything except when when I took him with me at the hotel. Otherwise, that is the only thing.

Mr. KENNEDY. Did you ever offer to pay any of the pickets who were picketing the monitors because they had not received action in their case? Did you ever offer them any money?

Mr. HERMAN. What monitors?

Mr. KENNEDY. The pickets that were picketing the monitors.

Mr. HERMAN. How long ago was that, sir?

Mr. KENNEDY. October of 1958.

Mr. HERMAN. Where was it, sir?

Mr. KENNEDY. Here in Washington.

Mr. HERMAN. I mean whereabouts.

Mr. KENNEDY. Well, did you ever pay, did you ever offer—

Mr. HERMAN. I am trying to recall when it happened.

Mr. KENNEDY. It is in the last 3 months. I am trying to get an answer from you as to whether you ever offered them any money.

Mr. HERMAN. If you are talking of in front of the monitors' building opposite the Ambassador, I passed by one time with Mr. Cunningham. I saw some men picketing. I said, "What are you here for?" They said they got a lousy deal from the monitors. I personally did not know them. Mr. Cunningham knew them, because previously he was with that 13 dissident group. Therefore, he knew them. I don't even——

Mr. KENNEDY. Just answer the question. Did you offer them some money?

Mr. HERMAN. Oh, surely. Any time it is on a picket line, sir, I will always offer them money to buy them coffee, and sandwiches, anything else. I have been on a picket line many a time, and I have gone hungry.

Mr. KENNEDY. How much money did you offer them?

Mr. HERMAN. I offered them \$20 to buy coffee and cake, and they said, "We are not taking money from anybody. We are going to sleep in the car if we have to all night."

Mr. KENNEDY. Mr. Cunningham also offered them money?

Mr. HERMAN. No, sir, I offered them the money.

Mr. KENNEDY. For a man who is on relief, and who is borrowing all this other money and getting cash from his attorney, having his attorney and the Teamsters Union pay his bills, it seems you are in a rather peculiar position to be offering some pickets \$20.

What are you going to say?

Mr. WILLIAMSON. There is no question before the witness at this time.

(The witness conferred with his counsel.)

Senator ERVIN. Was Mr. Cunningham to pay you back the \$2,500 you handed him?

Mr. HERMAN. Mr. Cunningham will pay me back the \$2,500 because he has certain things coming to him that amounts to 10 times that amount of money, sir, that I know of, both in New York and Washington.

Senator ERVIN. Did he agree to pay it back?

Mr. HERMAN. I know he will pay me back. There is no agreement. Between friends, sir, I don't ask an agreement.

Senator ERVIN. I have a bad practice. When I ask a witness a question, I keep asking it until he answers.

Mr. HERMAN. Fine; I will always answer you.

Senator ERVIN. The question is, Did Mr. Cunningham agree to pay that \$2,500 back?

Mr. HERMAN. Yes, sir.

Senator ERVIN. Did he give you a note?

Mr. HERMAN. No, sir. He gave me a handshake, sir. I believe in a handshake more than I do all the paper in the world. If that isn't any good, you can keep your paper, and it is easy, it can be torn up.

Senator ERVIN. Furthermore, if you just use a handshake, nobody can trace it, either.

Mr. HERMAN. I am sorry, sir. I don't like that thought. That is not nice. I may be just a public citizen, sir, but I don't think you as a Senator should hit me with that.

Senator ERVIN. Do you have a bank account of your own?



Mr. HERMAN. Yes, sir; \$200 or \$300. Do you wish to see it?

Senator ERVIN. No.

Mr. HERMAN. I have a 10-cent checking account.

Senator ERVIN. I was just wondering why you didn't put this \$2,500 in the bank account and give a check to Mr. Cunningham for it.

Mr. HERMAN. I figured to use it, sir.

Senator ERVIN. How long did you keep it?

Mr. HERMAN. Well, I got that around—I am trying to figure out the dates—I gave it to Mr. Cunningham on December 9. I received it around October—10-7-58. That is the exact date I remember I put onto that note.

Senator ERVIN. In other words, you kept at least \$2,500 in cash from October 7, 2 months and 2 days?

Mr. HERMAN. Yes, sir. In my home. I can't tell you where because I am afraid somebody might come next time and get it.

Senator ERVIN. But you take your checks for your disability and social security and put them in a banking account?

Mr. HERMAN. Pardon? I expected to use that, sir, for an operation, sir.

Senator ERVIN. Can't you pay a doctor with a check just as easily, and have proof of it afterwards?

Mr. HERMAN. Somehow or other I couldn't get an opportunity. I laid in that home of mine, sir. I have been up and down. When I get spasms, I can be right in the middle of the street and have to be carried across. I am telling you, I never deposited it.

Senator ERVIN. This was last fall, wasn't it?

Mr. HERMAN. This was around October, October 7.

Senator ERVIN. You weren't having any spasms or anything in November when you were down in Washington about this matter.

Mr. HERMAN. Senator, I stayed here at the Woodner, I must tell you, and for a number of days I couldn't even leave the Woodner. I was in pain and I stayed here because I couldn't even get out of it. For a number of days I had no dealings with Mr. Hoffa or anything else, but stayed here because I couldn't get out.

Senator ERVIN. You weren't brought down here from Flushing on a stretcher, were you?

Mr. HERMAN. Senator, I have been offered all sorts of things, crutches and everything else, and I have gotten out of that. I am trying to be mobile.

Senator ERVIN. You didn't answer the question. I asked you if you were able to walk around to come down here, ride on an airplane, a train, a bus, or something, and you were able to walk along the picket line—

Mr. HERMAN. I was in no picket line.

Senator ERVIN. You are able to walk along where they saw the picket line.

Mr. HERMAN. I was walking from the Ambassador across the street to where the monitors were, with Mr. Cunningham.

Senator ERVIN. So the fact that you kept this money in cash—

Mr. HERMAN. I didn't keep it on me, sir. I had it home. I didn't take the money around with me.

Senator ERVIN. That is what you said.

Mr. HERMAN. I did not. I left it at home.

Senator ERVIN. You said the reason you didn't put it in the bank was because you were helpless on your back and having spasms or something.

Mr. HERMAN. No; you have it twisted, Senator.

Senator ERVIN. That is what you said, as the reason you kept it.

Mr. HERMAN. Well, I kept it home.

Senator ERVIN. That is all.

Mr. KENNEDY. When you registered at the hotel and registered as Moss Herman and One, as you did on two separate occasions, who was the "One"?

Mr. HERMAN. Mr. Cunningham, I guess.

Mr. KENNEDY. He was there with you?

Mr. HERMAN. Yes, sir.

Mr. KENNEDY. Why didn't he put his name down?

Mr. HERMAN. He would either come a little later, possibly, or he came with me and it was just registered that way.

Mr. KENNEDY. Mr. Herman—

Mr. HERMAN. He wasn't footing any bill, and to be frank with you he did not know that Mr. Hoffa was paying the bill, and I didn't like him to have the idea at the time, either.

Mr. KENNEDY. Who is Sam Matinsky?

Mr. HERMAN. I once got a call from the man and I refused it. It was a collect call.

Mr. KENNEDY. You never talked to Sam Matinsky?

Mr. HERMAN. I talked to him because I understood he was supposed to be a Harry Matinsky, who was a former secretary of 584. When I found out it wasn't, I wasn't interested.

Mr. KENNEDY. What did he want—Sam Matinsky?

Mr. HERMAN. He just called me. I don't even recall who the fellow is. He said he wanted to give me some information about what happened in New York.

Mr. KENNEDY. About what?

Mr. HERMAN. I get a few calls in reference to that. About 584.

Mr. KENNEDY. He wanted to give you information on that?

Mr. HERMAN. Something of that sort.

Mr. KENNEDY. Did he want to give you information on any other matter than that?

Mr. HERMAN. I don't know. I talk to quite a number of people. I don't recall just what he wanted.

Mr. KENNEDY. Did he want to give you any other information, other than information on local 584?

Mr. HERMAN. Possibly. I don't recall exactly what it was.

Mr. KENNEDY. You don't remember anything else?

Mr. HERMAN. I don't recall.

Mr. KENNEDY. Did you ever talk to him other than that one time?

Mr. HERMAN. I have refused his calls, collect calls, to the hotel.

Mr. KENNEDY. Did you ever talk to him other than that one time?

Mr. HERMAN. Well, the only way I could have talked to him would be if he came through as Matinsky.

Mr. KENNEDY. Well, did you talk to him then?

Mr. WILLIAMSON. Would you excuse us just a moment?

(The witness conferred with his counsel.)

Mr. HERMAN. I don't recall, Mr. Kennedy.

Mr. KENNEDY. You don't recall?

Mr. HERMAN. No; I don't recall. I am awfully sorry; I don't recall. I know I turned down his collect calls a couple of times.

Mr. KENNEDY. And Harry Matinsky is who?

Mr. HERMAN. He is a former secretary of local 584, New York.

Mr. KENNEDY. That is all.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Did Mr. Harry Matinsky come down here to Washington and stay at the Woodner Hotel with you?

Mr. HERMAN. Yes; he came down with some information, and he stayed once at the Woodner Hotel.

Mr. KENNEDY. Did you make various trips throughout the country?

Mr. HERMAN. No, sir; I have never been except to Washington.

Mr. KENNEDY. Did you go to Miami on one occasion?

Mr. HERMAN. Only one occasion that I explained to you to Miami. That was the only occasion. I came back the next day because I couldn't get transportation back the same day.

Mr. KENNEDY. You were reimbursed for that trip by the Teamsters?

Mr. HERMAN. I was reimbursed for the trip. I spent \$104 for that trip and was reimbursed for it.

Mr. KENNEDY. By the Teamsters? By Mr. Hoffa?

Mr. HERMAN. By Mr. Hoffa, not the Teamsters.

Mr. KENNEDY. Mr. Chairman, just on the point of Sam Matinsky, we have here two toll slips which indicate that there were two calls that were made to Mr. Moss Herman by Sam Matinsky, and which were accepted by Mr. Moss Herman. In one conversation they talked for 6 minutes.

The CHAIRMAN. So that you may verify or deny them, it appears here that he called you from New York on December 23, 1958. Do you recall whether he talked to you at that time?

Mr. HERMAN. I recall one time, Senator. If it was another time that I told you, I don't recall. I know he has called collect and I have refused to accept them except when I thought it was Harry Matinsky and I accepted.

The CHAIRMAN. It shows here he called you again on December 29, 1958.

Mr. HERMAN. Well, that is possible. I say, I don't recall the second time; that is all. I don't recall the second time.

The CHAIRMAN. At that time it shows that he talked to you 6 minutes. Do you know about that?

Mr. HERMAN. Well, I say possibly it could be true, but I don't recall the time, Senator.

The CHAIRMAN. Do you recall the purpose of the call?

Mr. HERMAN. Just merely giving me some information as to what is going on in New York amongst the joint council, et cetera, and so on.

Mr. KENNEDY. Did you receive any other money from any union official since August of 1958?

Mr. HERMAN. No moneys at all from anybody.

Mr. KENNEDY. Did you receive any other moneys from any attorney other than the amount of money that you discussed here?

Mr. HERMAN. No, sir.



Mr. KENNEDY. Did you receive any money from any other source since August of 1958 other than the moneys that you have discussed here this afternoon, either in loans, gifts, or as payments?

Mr. HERMAN. Well, I took out a loan of \$480, or rather, for Cunningham. He needed \$800 to get his car out of trouble. My son-in-law, I have the note here, on which I am paying \$20 a month, and Mr. Cunningham he paid the last month's note on it. That was for \$480, and \$300 I got from Mr. Matinsky, and added the other for \$800.

Mr. KENNEDY. That is those two loans. Other than that, the money that you discussed here this afternoon, did you ever receive any gifts, loans, or payments from any other individuals from the period August 1958 to the present time?

Mr. WILLIAMSON. Do you mean excluding his regular pension?

Mr. KENNEDY. Yes.

Mr. HERMAN. Not that I can recall, Mr. Kennedy.

The CHAIRMAN. Where is Mr. Schiffer?

Mr. HERMAN. Where is Mr. Schiffer?

The CHAIRMAN. Yes. Do you know?

Mr. HERMAN. Well, his office is at 32 Broadway.

The CHAIRMAN. New York?

Mr. HERMAN. Yes, sir. Room 200.

Mr. KENNEDY. Did you talk to him today?

Mr. HERMAN. No, sir.

Mr. KENNEDY. Did you talk to him yesterday?

Mr. HERMAN. No, sir.

The CHAIRMAN. When was the last time you contacted him?

Mr. HERMAN. I have called him on and off. I don't recall. I have called him on and off a number of times.

The CHAIRMAN. When was the last time you called him?

Mr. WILLIAMSON. May I talk to him a moment?

The CHAIRMAN. Well, let the witness/just tell me.

When was the last time you talked to him?

Mr. HERMAN. I could have spoken to him a couple of days ago, sir. I don't recall. I make many calls, sir, as my chart will show you, if Mr. Kennedy or yourself have the phones.

The CHAIRMAN. If you called him 2 days ago you would remember it. If you talked to him on the telephone 2 days ago you would remember it. Your memory is not that bad. Did you talk to him 2 days ago?

Mr. HERMAN. Possibly I did.

The CHAIRMAN. I am not talking about "possibly". Did you?

Mr. HERMAN. Two or three days ago I guess I did.

The CHAIRMAN. Where was he then?

Mr. HERMAN. I spoke to him at his home, Rockville Centre.

The CHAIRMAN. Rockville Centre?

Mr. HERMAN. Yes, sir. I couldn't get him at his office. I called him at Rockville Centre.

Mr. KENNEDY. Have you talked to him here in Washington at all?

Mr. HERMAN. Since when?

Mr. KENNEDY. In the last week?

Mr. HERMAN. He hasn't been here in Washington in the last week. I haven't seen him.

Mr. KENNEDY. You have not?

Mr. HERMAN. As far as I can recall, I haven't seen him.

Mr. KENNEDY. We have been trying to locate him, Mr. Chairman, and have been unable to reach him in the last 2 days.

The CHAIRMAN. Is there anything further from this witness?

Mr. Counsel, the Chair will direct you to pursue this matter further. We have listened to some rather fantastic testimony here this afternoon. I do not know the full significance of it, but it is fantastic, some of the things that took place, according to this testimony.

I am instructing you to direct the staff and pursue the matter further and let us see if we can get the truth out of this, with a full answer to it. I think we are going to find that some of this money has been handled so loosely, and that it comes from a source that this committee will be definitely interested in.

I would like to have Mr. Schiffer brought before this committee and interrogated about it. Some of this is fantastic. It has been humorous, that is true, at moments, but it is also equally fantastic.

Mr. KENNEDY. It is correct, Mr. Chairman, that we have established the fact that Mr. Moss Herman's bills, as well as Mr. John Cunningham's, on occasion, have been paid out of Teamster Union funds.

Mr. HERMAN. Mr. Chairman, may I correct that, please?

I don't know what it is, Mr. Kennedy. At no time has any of my bills—I don't know what the errors are, but I want it definitely understood that if the Teamsters or any other group would pay my bills, I would have nothing to do with it.

Mr. KENNEDY. Mr. Herman, the bills have been paid by the Teamsters Union.

Mr. HERMAN. Then it is an error, Mr. Kennedy.

The CHAIRMAN. It may be a fact.

Mr. HERMAN. If it is a fact, then it is not correct. Mr. Hoffa took it out of his pocket in paying those bills. He earns a good enough salary, sir, and that is one of the reasons I accepted it.

The CHAIRMAN. But I don't believe anyone believes Mr. Hoffa is paying bills out of his own salary.

Mr. HERMAN. It better be, or I want no part of it.

Mr. KENNEDY. Beyond that, there is the money of Mr. Moss Herman's bills at the Woodner Hotel, and there is no question but what they are being paid out of Teamster Union funds.

There might be a question raised about the cash that Mr. Hoffa gave you continuously during this period of time when you had this association with Mr. John Cunningham. But there are bills at the Woodner Hotel, as well as John Cunningham's bills at the Woodner Hotel, which were paid out of Teamster Union funds.

This is the same time that Mr. Cunningham was bringing this action against Mr. Godfrey Schmidt, and Judge Letts; and the Teamsters Union, under Mr. Hoffa's direction, with Mr. Edward Bennett Williams, was bringing a contrary action in connection with Judge Letts. That is what has been established.

The CHAIRMAN. We will get Mr. Schiffer here.

The committee will stand in recess until 10:30 in the morning. We will convene in room 3302 in the New Senate Office Building.

(Members of the select committee present at time of recess: Senators McClellan and Ervin.)

(Whereupon, at 5 p.m., the select committee recessed, to reconvene at 10:30 a.m., Wednesday, February 4, 1959, in room 3302, New Senate Office Building.)



# APPENDIX

EXHIBIT No. 214

NAME M and G Trucking Co. SIG'S. REQ. MAIL

ADDRESS 52030 PONTIAC-TRAIL, WILKINSON, Mich Zone 10

TYPE OF BUSINESS TRUCKING

ORIGINAL OPENING DATE JAN 18 1953

TEL. 8-2290

In account with THE DETROIT BANK, Detroit, Mich.

OFFICE: GRAND RIVER RECORD OFFICE

The undersigned (sole proprietor) (all of the partners) doing business under the name of

NEW ☒ REPLACEMENT ☐

DATE APPROVED

hereby agrees that, until further notice in writing (in the form of either a properly executed replacement signature card or other acceptable instrument) the bank shall honor checks, drafts, notes, orders and receipts drawn upon funds now or hereafter on deposit in this account in the name of said firm signed by any 1 of the following persons.

SIGNATURE James W. Martin

SIGNATURE Mary Alice Chesser

SIGNATURE \_\_\_\_\_

THE DEPOSITOR AGREES TO THE RULES, REGULATIONS, TERMS AND CONDITIONS CONTAINED ON THE REVERSE HEREOF, IN THE PASS BOOK AND ON THE DEPOSIT TICKETS.

In witness whereof, I/we have subscribed my/our name(s) this 19 day of Jan, 1953

Cert. No. 18823

(Affix signatures of all co-partners or sole proprietor here, as shown on certificate.)

Dallard Mc Martin

UNION INSURANCE AGENCY OF ILLINOIS  
FIDUCIARY PREMIUM ACCOUNT  
9 E. HURON ST.

1501

CHICAGO, ILL. March 11, 19 57 2-387 710

Mount Vernon Life Insurance Company of New York

\$ 39,155.35

DOLLARS

UNION INSURANCE AGENCY OF ILLINOIS  
FIDUCIARY PREMIUM ACCOUNT

*The Sum \$ 39,155.35*

G. F. Coleman

THE EXCHANGE NATIONAL BANK  
of Chicago  
CHICAGO, ILLINOIS 671 1276

FOR DEPOSIT ONLY IN 38 NY  
THE CO  
MT V  
UNION CASUALTY COMPANY INSURANCE

50-144 MAY 13 1957 50-144

MAR 16 1957

TO THE  
ORDER OF AN  
BANK OR BANKER  
MAJOR ENDORSEMENTS  
GUARANTEED

EC

EXHIBIT No. 223A

UNION INSURANCE AGENCY OF ILLINOIS  
FIDUCIARY PREMIUM ACCOUNT  
O. E. VERNON ST.

PAY  
TO THE  
ORDER OF

CHICAGO, ILL. June 21 1957

2.387  
710

1502

\$ 12,306.31

12306 DOLS 31 CTS

THE EXCHANGE NATIONAL BANK  
- of Chicago -

CHICAGO, ILLINOIS 674 1276

G. F.

DOLLARS  
UNION INSURANCE AGENCY OF ILLINOIS  
FIDUCIARY PREMIUM ACCOUNT

*Allen W. Jefferson*

Pay THE EXCHANGE NATIONAL BANK  
OF CHICAGO, OR ORDER  
MOUNT VERNON LIFE INSURANCE COMPANY

*Allen W. Jefferson*

PAY TO THE ORDER OF ANY BANK OR BANKER PRIOR ENDORSEMENTS GUARANTEED THE EXCHANGE NATIONAL BANK 2-387 OF CHICAGO 2-387		JUN 24 1957	
ANY BANK OR PRIOR ENDORSEMENT GUARANTEED FEDERAL RESERVE BANK		JUN 24 1957	



EXHIBIT No. 223B

J. E. SACCE  
AT ADAMS**THE EXCHANGE NATIONAL BANK**  
~ of Chicago ~**MORRY RAPAPORT**  
ASSISTANT TO THE PRESIDENT

December 9, 1957

Mr. William Smith, Secretary-Treasurer  
Mount Vernon Life Insurance Company  
17 East Prospect  
Mount Vernon, New York

Dear Mr. Smith:

Due to an error, we have deposited check No. 1502  
for \$12,300.31, made out to the Mount Vernon Life  
Insurance Company, dated June 21, 1957, to the  
Allan M. Dorfman account instead of to the Mount  
Vernon Life Insurance Company.

We have this day rectified this error and regret  
having caused you any inconvenience.

Very truly yours,

*Morry Rapaport*  
Morry Rapaport

MB/af

EXHIBIT No. 223C

THE EXCHANGE NATIONAL BANK OF CHICAGO  
130 17TH LASALLE STREET, CHICAGO 90, ILL. '15

WE HAVE CREDITED YOUR ACCOUNT AS FOLLOWS

CH. GO. ILL. 12-1-15

## EXPLANATION OF CREDIT

AMOUNT

Report of 6-21-17 credited in 1917 to Allen M. Kinsman

(The M. Kinsman)

M. Kinsman &amp; Co. of

N. Y. &amp; Daniel J. Kinsman &amp; Co. Mgrs.

West. Mgmt.

17 E. Congress Ave.

Mun. &amp; Varns, New York

TOTAL \$

12,306.31

N<sup>o</sup> 141178 C

APPROVED BY

CASHIER  
SUBSCRIBER

DATE RECEIVED

FEB 1 1917

AMT.

12,306.31

VOUCHER NO. 1415

EXHIBIT No. 226

*File*  
Michigan Conference of Teamsters Welfare Fund

2741 Trumbull Avenue

Detroit 16, Michigan

Woodward 1-8835

April 8, 1952

Labor Trustee:

FRANK E. FITZSIMMONS

Industrial Trustee:

J. HOWARD MINNICH

Dr. Leo Perlman  
17 E. Prospect Avenue  
Mount Vernon, New York

Dear Dr. Perlman:

Re: Michigan Conference of Teamsters

I would like to take this opportunity to point out something to you, which might prevent future difficulty for the Welfare Fund and yourself.

Frequently, correspondence dealing with adjustments in the Policy are addressed to Mr. James Hoffa, President of Local Union #299, when technicality it should be addressed to the Trustees of the Welfare Fund.

I bring this to your attention as your letter of April 1, 1952 regarding premium adjustments, which should be in our files, was not addressed to the Trustees. The Trustees are the only ones able to adjust premiums.

I hope you will understand the reasons for writing this letter to you and that in the future under such circumstances where the purpose of correspondence is to establish a record, that it will be addressed to the Trustees.

Sincerely yours,

*Samuel Schwartz*  
Samuel Schwartz  
MICHIGAN CONFERENCE OF  
TEAMSTERS WELFARE FUND

SS:MK

427



EXHIBIT No. 229A

PHONE: COLUMBUS 1-8000

## THE LUCAS COMPANY

5400 W. CHICAGO AVENUE  
CHICAGO 51, ILL.N<sup>o</sup> 3303ALDOE INS. AGENCY  
9 E. Huron St.,  
Chicago, Ill.

INVOICE DATE

SALES  
TICKET NO.

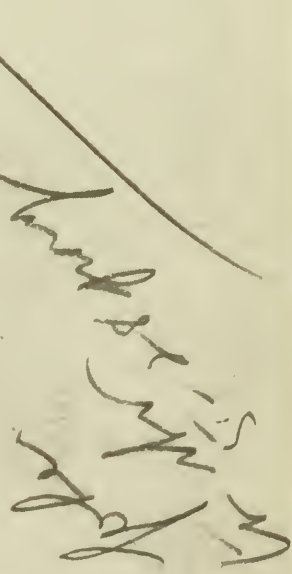
4-15-36

DATE SHIPPED

TERMS NET CASH

2 desks, 2 chairs, 1 conf. table, 8 chairs

\$1000.00



PHONE: COLUMBUS 1-6000

## THE LUCAS COMPANY

5400 W. CHICAGO AVENUE

CHICAGO 51, ILL.

Nº 3305

INVOICE DATE

11-8-36

SALES  
TICKET NO.

DATE SHIPPED

TERMS NET CASH

ALDOE INS. AGENCY  
9 E. Huron St.,  
Chicago, Ill.

\$1000.00

re-earp. conf. room



EXHIBIT No. 229C

95

229 D

**THE LUCAS COMPANY**

5400 W. CHICAGO AVENUE

CHICAGO 51, ILL.

N<sup>o</sup> 3352

INVOICE DATE

SALES  
TICKET NO.

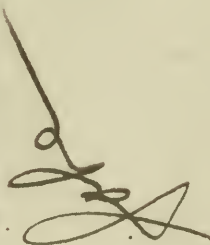
2-11-57

DATE SHIPPED

TERMS NET CASH

ALOR INS. AGENCY  
9 E. Huron St.,  
Chicago, Ill.1 seaf. deck and chair  
carpeting

\$950.79
<u>1000.00</u>
\$1950.79





PHONE: COLUMBUS 1-9000

THE LUCAS COMPANY  
5400 W. CHICAGO AVENUE  
CHICAGO 51, ILL.

N<sup>o</sup> 3300

UNION INS. CO.  
9 E. Marion St.,  
Chicago, Ill.

INVOICE DATE

4-22-56

SALES  
TICKET NO.

DATE SHIPPED

TERMS NET CASH

1 sofa, 2 chairs

\$500.00

*Delivered and  
paid 5/11/56*

EXHIBIT No. 229E

PHONE: COLUMBUS 1-9000

**THE LUCAS COMPANY**5400 W. CHICAGO AVENUE  
CHICAGO 51, ILL.N<sup>o</sup> 3302

INVOICE DATE

5-10-56

SALES  
TICKET NO.

DATE SHIPPED

TERMS NET CASH

UNION INS. CO.  
9 E. Huron St.,  
Chicago, Ill.

4 desks and 4 chairs per order

\$1000.00

*4 desks and 4 chairs  
per order  
5-10-56*

PHONE: COLUMBUS 1-9003

**THE LUCAS COMPANY**

5400 W. CHICAGO AVENUE

CHICAGO 51, ILL.

**Nº 3304**

UNION INS. CO.

9 E. Huron St.,  
Chicago, Ill.

INVOICE DATE

SALES  
TICKET NO.

DATE SHIPPED

TERMS NET CASH

**11-10-36**

4 desks and 4 chairs

**\$1000.00**

EXHIBIT No. 229G

PHONE: COLUmbus 1-5000

THE LUCAS COMPANY  
5400 W. CHICAGO AVENUE  
CHICAGO 51, ILL.

N<sup>o</sup> 3354

INVOICE DATE

SALES  
TICKET NO.

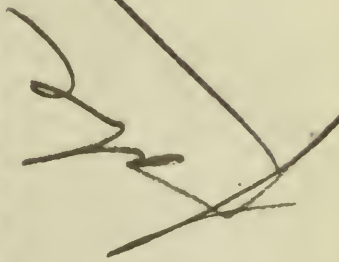
DATE SHIPPED

TERMS NET CASH

UNION DES. CO.  
9 E. Huron St.,  
Chicago, Ill.

1 Large built in cabinet etc.

\$870.12



2-6-57





## EXHIBIT No. 233


**EASY TRAVEL SERVICE, INC.**
*Via land sea air*

4923 OAKTON STREET SKOKIE, ILLINOIS

PHONES ★ SKOKIE • ORCHARD 5-1770  
CHICAGO • ELYING 8-6838

INVOICE NUMBER

28747

February 3, 1958

Sanatex Corporation  
2321 N. Wolcott  
Chicago, Illinois

For: B. Nemerov - T. Shulman

Round trip air - Midway to Miami return open

\$221.32

2-7-58

\* 3940

PLEASE REFER TO OUR INVOICE NUMBER WHEN PAYING THIS INVOICE

VALIDATION STAMP  
DATE  
CITY OF ISSUANCE  
AGENT

DELTA AIR LINES, INC.

(06)

TRANSPORTATION RECEIPT  
UNIVERSAL AIR TRAVEL PLAN  
ORIGINAL-TO CONTRACTORIMPRINT AIR TRAVEL CARD HERE  
AIRLINE ACCOUNT NO. CARD NO.

U 06489 W 32766

TED SHULMAN

SANATEX CORP.

TICKETS		COMPLETE ROUTING						FARE BASIS		CHARGES		FOR ACCOUNT-ING USE ONLY	
FORM NO.	TICKET NO.	FROM	TO	TO	TO	TO	VIA			FARE	TAX	CURRENCY OF TICKET	RATE EXCHANGE
U-1	1222	CHI	MIA							7.51	41		
EXCESS BAGGAGE CHARGES								VIA	LOG	RGS	RATE		
NAMES OF USERS IF OTHER THAN CARD HOLDER		CONNECTION OF USERS WITH SUBSCRIBERS		I hereby acknowledge receipt of the ticket as described herein and certify that the issuance of such ticket was requested, and that such ticket will be used in accordance with applicable tariffs.						TOTAL		7.51	
A-23 (REV 4-55)      ATO 110.													

SIGNATURE OF CARD HOLDER OR HOLDER OF ONE TRIP ORDER

WAREHOUSE AND MAIL ORDER EMPLOYEES  
LOCAL UNION No. 743  
CHICAGO, ILL.

3403

PAY TO THE ORDER OF *Harold R. Ryan* CHICAGO, ILL. *March 7 1938* 2-435 710  
\$600.00

DOLLARS

Peoples National Bank  
OF CHICAGO  
CHICAGO - ILLINOIS

*Adolph Will* SECRETARY

*Hubert*

*Letter for*  
*Robinson Bros. & Co.*  
*Spencer Ryer*

PAY TO THE ORDER OF  
LINCOLN NATIONAL BANK  
133 CHICAGO, ILLINOIS 133  
All Prior Endorsements Guaranteed  
ADD. WEST CUBA EXCH. INC.

MADE 1750 50006  
FEDERAL RESERVE BANK  
OF CHICAGO

DON PETERS 196.60

ERIE CAFE

1116-5111

No. 31402

WATSON, J. P. 1952

325

325

407.0-

5	Sp-g	400
6	19th St	150
12	Shelton	90
12	Sand	70
12	Field	57.00
13	Shelton	61.75
1	1st Sand	300
26	Bur	390
1	Ice cream	35-

163.85      133.50

163.75      25.55

326.60      159.03

RM 18      4.80

Please Pay Waitress - TOTAL 63.85

Waitress—

101

15	6	3	8	3
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ERIE CAFE

Phone WH 4-9101

31551

WATTA, PERSONS

DATE

MAR 25 1958

2051

-1.25h

4051-

7.50

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**M**

1070

Offo

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Please Pay Waitress—TOTAL

Please Pay Waitress—TOTAL



25

Z

DATE \_\_\_\_\_

1958 APR 1

EXACTLY LIKE THE ORIGINAL

**WAREHOUSE AND MAIL ORDER EMPLOYEES  
LOCAL UNION NO. 743**

3

PEOPLES NATIONAL BANK

of CHICAGO  
CHICAGO, ILLINOIS

Всего ① см 4057

TO THE  
ORDER OF

Erie Cafe



Yours &c. &c.  
Stephen L. Parker

DO NOT PAY TO THE ORDER OF  
ANY BANK OR OTHER  
ALL PRIOR ENDORSEMENTS  
NATIONAL SEC  
OF CHICAGO

SECURITY BANK OF CHICAGO  
ERIE CAFE,

5.53 22222

PAY TO THE ORDER OF  
ANY BANK OR BANKER  
ALL DEPOSITS MUST BE CASHED AT  
FEDERAL RESERVE BANK

2.30 CF C 5.70 7.30

EXHIBIT No. 236

F.A.7 3M.12/54

STATEMENT



**Montainebleau**  
HOTEL

Miami Beach, Florida

To Local Union #743  
220 South Ashland Avenue  
Chicago, Illinois  
Att: Stephen S. Jarolin, Secretary-Treasurer

Date 9/30/57

"The James Hoffa Dinner"  
9/29/57

Your Share (One third of \$12,869.65)      \$4,289.89  
\$4,289.89

RECEIVED

OCT 2

LOCAL 743

WAREHOUSE AND MAIL ORDER EMPLOYEES  
LOCAL UNION NO. 743  
CHICAGO, ILL.

2123

IN THE ORDER OF

THE SUM OF \$425.00 DOLLARS

PEOPLES NATIONAL BANK  
OF CHICAGO  
CHICAGO - ILLINOIS

W

SECRETARY TREASURER

*Alvin K. Kelly*

Admitted to Access

Roomed in C/L

Room C/ Cashier

GUEST SIGNATURE

FOR DEPOSIT ONLY  
FONTAINEBLEAU HOTEL CORP.

ADMITTED TO ACCESS

ROOMED IN C/L

ROOM C/ Cashier

GUEST SIGNATURE

FOR DEPOSIT ONLY  
FONTAINEBLEAU HOTEL CORP.

## EXHIBIT No. 237

WAREHOUSE AND MAIL ORDER EMPLOYEES  
 LOCAL UNION NO. 713  
 CHICAGO, ILL.

PAY TO THE ORDER OF

CHICAGO, ILL. 1956

DOLLARS

W

PEOPLES NATIONAL BANK  
 OF CHICAGO  
 CHICAGO-ILLINOIS

PRESIDENT

[illegible]

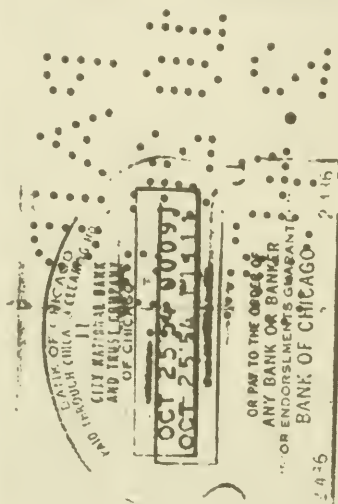




## EXHIBIT No. 242

WASTE TRADE INDUSTRY OF CHICAGO		No. 1230
Pay to the order of <i>Larry Lera</i>		Chicago, Ill. <i>Oct 19 1944</i>
<i>For Funds: Adv. 7/10</i>		\$200
Main State Bank		Dollars
Chicago, Illinois	2-405 710	
WASTE TRADE INDUSTRY OF CHICAGO		<i>Larry Lera</i>

*Larry Lera*  
*1117 Club Drive*  
*Chicago, Illinois*



4

WASTE TRADE INDUSTRY OF CHICAGO

No. 1204

Chicago, Ill. Jan 21- 1954

\$386.<sup>00</sup> Dollars

Pay to the order of *Ross Miller*

*Three Hundred Eighty Six and 00/100*

**Main State Bank**  
Chicago, Illinois 2-405  
710

WASTE TRADE INDUSTRY OF CHICAGO

*Harry Serlin*

*Ross Miller*

PAID TO THE ORDER OF  
CITY NATIONAL BANK OF CHICAGO  
CHICAGO, ILL.  
FEB 15 5 54 PM '54  
1243 PR  
CITY NATIONAL BANK OF CHICAGO  
CHICAGO, ILL.  
FEB 15 5 54 PM '54  
1243 PR  
CITY NATIONAL BANK OF CHICAGO  
CHICAGO, ILL.  
FEB 15 5 54 PM '54  
1243 PR

**CHICAGO**  
FEB 11 1954

**SANATEX CORP.**  
2321 NORTH WOLCOTT AVE.  
CHICAGO, ILL. OCT 7 1957

**Fontainebleau Hotel Corp.**  
400 N. Dearborn St.  
CHICAGO, ILL.

**TO THE ORDER OF**  
N.P.

*Four hundred and thirty*

**Fontainebleau Hotel Corp.**  
CHICAGO, ILL.

**American National Bank**  
and Trust Company of Chicago

*100 DOLLARS*

**E**

3134 0000  
= 377  
1957 19  
\$414.44

\$ ☒ Applied to Account

\$ \_\_\_\_\_ Received in Cash

Room 1148 Cashier EK

GUEST SIGNATURE

FOR DEPOSIT ONLY

FONTAINEBLEAU HOTEL CORP.

*5155*

**THE**  
63-5

**Fontainebleau Hotel Corp.**  
CHICAGO, ILL.

X







BOSTON PUBLIC LIBRARY



3 9999 06352 029 8





